manalto
SOCIAL MEDIA MANAGEMENT TOOL

Manalto Limited Annual Report 2017

MTL.ASX

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About **Manalto Limited**

Manalto is an integrated technology company focusing on social media and e-commerce solutions for SMBs and enterprises. Manalto's purpose has and will remain to find a number of ways to service business consumers looking to market and transact (e-commerce) on the internet. Manalto Enterprise is a cloud-based social media management software that enables enterprises to efficiently manage their social media presence across multiple social platforms, at scale, with alignment to their structure. The Manalto solution delivers controls to support brand management and risk management across social media. Manalto saves time, money and resources, while allowing visibility to ensure real-time customer service and engagement.

For further information, please visit www.manalto.com

Directors' Report

1. Principal Activities

The principal activities of the Group during the financial year were:

Development and commercialisation of its social media management tool. During the year this was significantly enhanced and relaunched as a "smart marketing platform" providing particular benefits to companies with distributed brand management challenges, such as franchise groups.

2. Operating Results

The consolidated loss of the Group after providing for income tax amounted to US$6,744,500 (2016: loss of US$3,184,553).

3. Significant Changes in State of Affairs

Significant changes in state of affairs of the Group during the financial year have been disclosed in this report. There were also numerous significant events that have occurred subsequent to the end of the financial year that have changed Manalto's state of affairs. These events are disclosed and further explained throughout this report. Most notably, the reduction in international staff head count (primarily South Africa).

Although the USA remains a major market for Manalto, the Company has transitioned the corporate function back to Australia, with the majority of management and operating cash flows to be run from Australia going forward. Accordingly, the directors will elect to present financial information in Australian dollars from 1 July 2017.

4. Review of Operations

During the year, the Company implemented a Turnaround Strategy based on the results of the strategic and operational review performed by the Board of Directors over December and January. The core business of the Company developing and distributing software through the cloud to users did not change, rather the strategy in doing so was refined.

The decision was made to focus on the business of the Manalto core product and the franchise sector. As a result of this decision, the Sóshlr product merged into the Manalto Enterprise product.

With the decision to integrate the Sóshlr product rather than run it as a stand-alone business, management closed the South African office but were able to retain two key employees (the majority of staff in South Africa were terminated). The Washington DC head office was closed and the corporate function was brought back to Australia.

Manalto's IT development activities for the period centered on developing its core product offering, putting increased emphasis on various third party integrations including Microsoft Office 365 and IBM Watson™. These integrations broaden the competitive offering, applications, integrations and value proposition of the product. Manalto Enterprise was functionally expanded so that it could be positioned as a "smart marketing platform" rather than just a social media management tool, allowing it to compete at a higher end of the market and not be compared to well established social media management tools.

The Company announced major functional enhancements to the product, including:

- Artificial intelligence via integration with IBM Watson™ was achieved and the product went live to certain customers providing valuable insights to clients. This was the market based proof of concept.
- Data analysis and reporting from Microsoft Power BI was a new initiative commenced, but at this stage is not live as we await pricing models from Microsoft. Manalto Enterprise is now capable of accessing data from a large number of sources that a business could be using, and combining it with social media data to analyse key marketing information and generate meaningful reports from this.
- Posing and social media management by integrating with Microsoft Outlook Calendar remain on the road-map for the Manalto product.

Recent events.

The current Board took charge of Manalto on 15 September 2017 replacing the outgoing Directors.

The Board has retained staff members and consultants including Manalto's CFO Jakob Harrison and Lourens Pelser who leads our IT development and project management functions in addition to key members of the USA sales and customer support team. EverBlu Capital is the Company's mandated corporate advisors.

Since 15 September 2017, the Board has conducted a comprehensive review of the core Manalto product, code, customer base, sales pipeline and sales strategy to further understand the existing customers and business. There was a particular focus on examining the work of the software development team based in South Africa. The Board are committed to growing the development team as well as the US based sales and customer support team as the USA and Australia remain key markets for the Manalto product.

The Board have extensive experience growing information technology businesses. In particular, the Board have success in driving software sales and e-commerce businesses. Dr James Ellingford was International President of the USD$9bn NASDAQ listed Take 2 Interactive and has particular expertise in building software sales and development teams. Terence Clee also has experience in software sales and e-commerce. In particular, Terence has success in driving software sales to major clients who happen to also be major current and target clients of Manalto, including several major Australian real estate groups.

The Board have already engaged with major existing Manalto clients and formed new customer relationships. Manalto is committed to continuing to service the current paying customer base, as well as, advancing strategies and valuable integrations to grow and further monetise the customer base. The core Manalto product currently has a target sales pipeline of in excess of USD$500,000 new customers. The current customers using the Manalto core product include an international real estate group, which has a major presence in Australia. The Board already have relationships with key Manalto clients and targets through their own extensive networks of contacts.

The strength of the Manalto core product and code.

The Board, in examining the Manalto product and code, have worked with Manalto's existing development team as well as reached out to their extensive network of tech industry contacts. Dr Ellingford, having run an USD$9bn NASDAQ listed tech company, has strong relationships with numerous US tech industry heavyweights.

These discussions have caused the Board to confirm their strong belief in the current strength and future potential of the Manalto product and code (which to date has been developed at a cost of approximately AUD$10,000,000).

Manalto has developed code and launched a platform that allows for powerful integrations to be easily bolted on to the core Manalto platform which can assist Manalto's SMB and enterprise customers. The Board believe that the Manalto code and concept has the flexibility to be a powerful marketing tool for SMBs but also to service SMBs from an e-commerce standpoint. Step one for Manalto is to allow its customers to market online and better reach their audience. It seems a logical extension for the incoming Directors that once the Manalto core product has assisted our SMB customers with raising product awareness, Manalto could further assist SMBs with closing the sale (from an e-commerce standpoint). A particular e-commerce integration the Directors are considering which has substantial upside is the use of fintech enhanced block chain technologies and also additional payment systems such as crypto.

The Board believe that these type of integrations to the core Manalto product will deliver the greatest value to Manalto customers and help convert the Manalto sales pipeline sooner than the outgoing Directors had intended.

Renewed investor enthusiasm and support.

The Board believe that Manalto and the Manalto core product is now in the strongest position it has ever been in. Board Directors having spoken to key investors know that investors are optimistic and committed to the future plans of Manalto.

The Board have secured AUD$550,000 of funding by way of convertible note placed at 1.1 cents which was completed on 13 October 2017. Manalto is also intending to seek approval for a placement to raise up to AUD$3M at the next shareholder meeting. Manalto believes that the company will be fully funded after this, in a position to grow the business and have sufficient capital for growth opportunities such as implementing high value add integrations to the core Manalto product.

Further information on the decision to terminate the Bambu integration.

The Board as well as numerous Manalto investors believe in the principles of the Bambu Transaction. The Bambu Transaction addressed the need to enhance the Manalto core offering by seeking add-ons/integrations that provide additional complementary features (targeted at SMEs from a marketing and e-commerce standpoint) in order to make Manalto's offering more attractive to investors and most importantly drive quicker conversion of the Manalto sales pipeline (currently in excess of a potential $500,000 per annum). The Bambu Transaction if it went ahead would not change the purpose or focus of the Manalto business in any way. The principles of the transaction were right but ultimately the incoming Directors were not satisfied with the cost of the transaction. The Board feels that Manalto would be better placed supporting and enhancing the existing development team to pursue more impactful integrations with more immediate benefits.

Cost saving measures.

The outgoing directors commenced cost saving measures during FY17, namely the reduction of international headcount and the merger of Soshlr operations into the core Manalto product during FY17. The Board has decided to continue with most of the international cost saving measures initiated by the outgoing directors. Such as, the decision to close the South African subsidiary and contemplate the closure of other international subsidiaries, excluding the United States. Moving forward, Manalto's focus shall be on efficiently running the core Manalto product in the United States and Australian markets, with IT development continuing out of South Africa with the retention of key staff who will now be employed directly by the Manalto head company (not the South African subsidiary).

5. Financial Overview

During the financial year ended 30 June 2017, the Group recognised revenue of US$114,855 majorly relating to the Enterprise product.

The loss from ordinary activities after income tax increased from US$3.18m for 2016 to US$6.75m for the year ended 30 June 2017. The operating loss for the year was augmented by the write-off of intangible assets and deferred tax assets. The Company has adopted a conservative approach to these assets. The intangible assets write off relates mainly to the Sóshlr software product which is technically completed but has not achieved commercial success in the market. The deferred tax assets have been written off because substantial change in shareholders and unproven revenue prospects give rise to doubt as to the utilisation of accumulated losses.

The Company continued its capital raising regime throughout the financial year ended 30 June 2017, issuing capital totaling US$600,785 and raising an additional US$1.70m from the issue of convertible notes. The capital raised enabled the Group to finance its product and distribution activities. The issuance of capital remains a key requirement of the Company's immediate plans to drive desired revenue goals and shareholder returns.

A number of cost saving measures have been implemented during the year including reduction of international staff head count; closure of South Africa office; and significant reduction of South Africa head count and commenced liquidation of South African subsidiary.

6. Information on Directors

Directors

The following persons were Directors of Manalto Limited at any time during, or since the end of, the year:

- James Ellingford *(appointed 15 September 2017)*
- Terence Clee *(appointed 15 September 2017)*
- Tim Wilson *(appointed 15 September 2017)*
- James McKerlie *(appointed 28 October 2016; resigned 15 September 2017)*
- Paul Gardner *(appointed 14 November 2016; resigned 15 September 2017)*
- Gary Cox *(appointed 14 November 2016; resigned 22 August 2017)*
- Michael Quinert *(resigned 15 September 2017)*
- Joseph Miller *(resigned 28 October 2016)*
- Anthony Owen *(resigned 7 April 2017)*
- Chris Adams *(resigned 2 June 2017)*

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

Information on current Directors as at the date of this report

Terence Clee **Non-Executive Chairman** BCom (Accounting), LLB	Mr Clee started his professional career at KPMG Sydney, working in Corporate Audit and Tax. He then became a partner in a multidisciplinary legal practice alongside colleagues formerly of Allens Arthur Robinson and Ashurst. Mr Clee's client base comprised of large corporates in the mining and technology space. Mr Clee also has experience in the start-up and small cap space. He has advised technology companies and miners of all sizes on commercialisation, mergers and acquisitions, cross-border transactions and R&D. Mr Clee holds a Bachelor of Commerce (Accounting) and a Bachelor of Laws from the University of NSW. Mr Clee is a solicitor admitted to the Supreme Court of NSW. He currently serves as a director of numerous ASX listed and unlisted companies. Interest in shares & options – nil Directorships held in other listed entities in last 3 years – • Elysium Resources Limited (since 18 May 2016) • Victory Mines Limited (since 12 August 2015)
James Ellingford **Executive Director** D.Mgt, MBA, Post Grad Corp Man, AICD	Dr Ellingford previously served as International President of a multi-billion dollar NASDAQ software business Take-Two Interactive Software with its headquarters in Geneva and New York. He has decades of international experience in the software industry and has close ties with financial institutions and governments throughout the world. He is considered an expert in the areas of collaboration of media and digital assets, data sharing and corporate communications to enable workflow acceleration and has close ties with large US based corporates who dominate this space. Dr Ellingford holds a Post Graduate in Corporate Management, Master's in Business Administration and a Doctorate in Management. Dr Ellingford has lectured MBA students in Corporate Governance, ethics and marketing at a leading Sydney University which are areas he has a keen interest in. Interest in shares & options – nil Directorships held in other listed entities in last 3 years – • Capital Mining Limited (8 January 2013 until 7 August 2015) • Creso Pharma Limited (since 20 November 2015) • Zyber Holdings Limited (9 January 2014 until 1 February 2016) • Burrabulla Corporation Limited (18 May 2016 until 14 August 2017) • Elysium Resources Limited (since 3 March 2017) • Victory Mines Limited (since 8 November 2011)
Tim Wilson **Non-executive Director**	Mr Wilson is an investment banker with over a decade of experience in the Australian financial services industry. He has advised companies across most industry sectors both domestically and internationally, including; Information Technology and Services, Biotechnology, Mining and Infrastructure. Mr Wilson's corporate experience includes listing and secondary market raises. In particular, Mr Wilson has experience in the Information Technology space with early stage investments; helping founders to build businesses, bring product to market and cater for all types and sizes of capital requirements. Interest in shares & options – nil Directorships held in other listed entities in last 3 years - nil
James McKerlie **Executive Chairman** *(resigned 15 September 2017)*	Mr McKerlie is a highly regarded digital leader, entrepreneur, global business builder and experienced public company chairman with over 25 years transforming digital, media, technology, energy and professional services organisations. Mc McKerlie has been integral in shaping the international media and telecommunications industry, oil and gas, and energy sectors, and advancing and innovation and customer service standards of organisations via digital media. He has held senior roles and board positions for media, digital and energy companies, including ten years as a senior director on eight public company boards of leading ASX200 companies, holding the role as Chair of six.
Paul Gardner **Non-executive Director** *(resigned 15 September 2017)*	Mr Gardner is a highly regarded Australian-based entrepreneur and business advisor to CEO's and SME's. He is the founder of business consultancy, pgardner.com.au Pty Ltd, delivering specialised and strategic business planning, marketing communications expertise to leading brands across industry and major events including Th Australian Open and Australian Grand Prix and provides bespoke mentoring for professional services businesses, government and for green field start-ups in Australia and overseas. Mr Gardner is an influential leader within the advertising industry and business community, with over 30 years of experience. He has held executive roles with a number of Australia's leading agencies, including his role as Chairman of Grey Group Australia, for 13 years of his 20-year tenure at Grey, in addition to a number of senior creative and account service positions. Mr Gardner is an Executive Director for leading experimental marking company, Dig&Fish, a principal of boutique B2G (business-to-government) company DEPA Connections and is a mentor for renowned business nework, The Boardroom.

Gary Cox **Non-executive Director** *(resigned 22 August 2017)*	Mr Cox has over 35 years of global experience in the technology industry across the UK, USA, Asia, Japan and Australia/New Zealand in senior leadership roles with Microsoft, News Corp. subsidiary TrueLocal and EMC. Mr Cox holds both strategic consulting and board appointments for technology organisations based in Australia witl global growth focus, leveraging both his broad business management and solid experience in cloud and managed services. My Cox has served as Vice President, Enterprise and Partner business for Microsoft Asia, and prior to assuming this role, Gary was the Executive Officer for the Enterprise & Partner business for Microsoft in Japan.
Michael Quinert **Non-executive Director** *(resigned 15 September 2017)*	Mr Quinert graduated with degrees in economics and law from Monash University and has over 30 years' experience as a commercial lawyer, including three years with the ASX and over 20 years as a partner in a Melbourne law firm. He has extensive experience in assisting and advising public companies on capital raising and market compliance issues and has regularly advised publicly listed mining companies. Mr Quinert is a partner at Quinert Rodda, a law firm in Melbourne and serves on the boards of several companies including Covata Limited (ASX:CVT) and West Wits Mining Limited (ASX:WWI).

Company Secretary

The following persons held the position of Company secretary at any time during, or since the end of, the year:

Lucy Rowe (resigned 1 September 2017)
Lucy Rowe has worked in the financial industry for over seventeen (17) years and has held the role of Company Secretary for both listed and unlisted entities over the last seven (7).

Kate Hill (appointed 1 September 2017; resigned 15 September 2017)

Elizabeth Hunt BSc, MAcc, GAICD, FGIA (appointed 15 September 2017)

Elizabeth Hunt has over fifteen years' corporate and accounting experience with a particular interest in governance. Elizabeth Hunt has been involved in the IPO management, corporate advisory and company secretarial services, financial accounting and reporting and ASX and ASIC compliance management. Elizabeth Hunt holds a BSc degree in Sustainable Development and has completed a Master of Accounting, and is a Fellow of the Governance Institute of Australia, and is a Graduate of the Australian Institute of Company Directors. Elizabeth Hunt is currently also Company Secretary of a number of ASX listed entities.

Corporate Governance

A review of the Company's 'Corporate Governance Framework' is performed on a periodic basis to ensure that it is relevant and effective in light of changing legal and regulatory requirements. The Board of Directors continues to adopt a set of Corporate Governance Practices and a Code of Conduct appropriate for the size, complexity and operations of the Company and its subsidiaries.

Unless otherwise stated all Policies and Charters meet the ASX Corporate Governance Council's Best Practice Recommendations.

7. Dividends

No dividends were paid or declared since the start of the financial year (2016: no dividends).

8. Events Subsequent to Reporting Date

On 20 April 2017, the Group announced the proposed acquisition of Bambu Digital Pty Ltd (and its group entities) ("Bambu"). The consideration payable by the Group to Bambu and/or Bambu shareholders (being entities associated with Mr. Jim McKerlie, the Group's former Executive Chairman) is to be satisfied through the issue of 100,000,000 fully paid ordinary shares and a total of 150,000,000 performance shares convertible into fully paid ordinary shares upon the achievement of certain milestones, as detailed in ASX announcement on 20 April 2017. On 15 September 2017, the Group announced the termination of the Bambu acquisition.

On 15 September 2017 Messrs Clee, Ellingford and Wilson were appointed as Directors of the Company, replacing Messrs McKerlie, Gardner and Quinert.

On 4 October 2017, the Company announced that EverBlu Capital ("Everblu") has confirmed it remains committed to providing ongoing financial support to the Company. Everblu have committed in writing to provide the Company with the remaining A$550,000 from the Chairman's List as disclosed to the market on 23 August 2017. Everblu have further committed on a best endeavours basis to provide ongoing financial support up to A$3m subject to to Manalto's securities being reinstated to trading on the ASX. The Board of Directors also intends to canvass other brokers to assist in this regard.

9. Future Developments

The Board are committed to growing the development team as well as the US based sales and customer support team (the US and Australia are key markets for Manalto).

10. Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

11. Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditor (Grant Thornton) for audit services provided during the year are set out below. There were no non-audit services provided during the year. The following fees were paid/payable to the external auditors during the year ended 30 June 2017:

	2017 $	2016 $
Amounts paid/payable to Grant Thornton Audit Pty Ltd		
Audit services	41,305	53,414
Total paid or payable	**41,305**	**53,414**

12. Auditors Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 as required by Section 307C of the Corporations Act 2001 has been received and can be found on Page 48 of the financial report.

13. Meetings of Directors

During the financial year, attendances by each Director at Directors' Meetings were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
James McKerlie (resigned 15 September 2017)	4	4
Paul Gardner (resigned 15 September 2017)	4	4
Gary Cox (resigned 22 August 2017)	4	3
Michael Quinert (resigned 15 September 2017)	6	6
Anthony Owen (resigned 7 April 2017)	4	4
Chris Adams (resigned 2 June 2017)	6	5
Joseph Miller (resigned 28 October 2016)	4	3

The Audit and Risk Management Committee

Due to the number of Directors on the Board, and the size of the Company, the consolidated entity did not consider it necessary to appoint an audit and risk committee for the year ended 30 June 2017.

14. Remuneration Report (Audited)

The following persons were Directors and key management personnel (KMP) in office at any time during the financial year:

Director	Position
James McKerlie	Director, Executive Chairman (appointed 28 October 2016)
Paul Gardner	Director (Independent; appointed 14 November 2016)
Gary Cox	Director (Independent; appointed 14 November 2016)
Michael Quinert	Director
Joseph Miller	Director, Interim Chairman (resigned 28 October 2016)
Anthony Owen	Chief Executive Officer, Executive Director (resigned 7 April 2017)
Chris Adams	Director (Independent; resigned 2 June 2017)
Megan Owen	Key Management Personnel (Chief Marketing Officer; resigned 17 March 2017)

Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of executive compensation;
- Transparency; and
- Capital management.

In consultation with industry surveys on executive remuneration the Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- Has economic future profits as a core component of plan design;
- Focuses on sustained growth in shareholder wealth, consisting of the possibility of future dividends and growth in share price, and delivering a future return on assets as well as focusing the executive on key non-financial drivers of value; and
- Attracts and retains high calibre executives.

Alignment to program participants' interests:

- Rewards capability and experience;
- Reflects competitive reward for contribution to growth in shareholder wealth;
- Provides a clear structure for earning rewards; and
- Provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

Non-Executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-executive Directors' fees and payments are reviewed regularly by the Board. The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive Directors do on occasions receive share options. Non-executive Directors may opt each year to receive a percentage of their remuneration in Manalto Limited shares, which would be acquired on-market.

Directors' Fees

The current base remuneration was last reviewed with effect from 15 September 2017 on appointment of the new directors.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders.

Executive Pay

The executive pay and reward framework has four components:

- Base pay and benefits
- Short-term performance incentives
- Long-term incentives through participation in the Manalto Limited's Employee Share Option Plan (ESOP), and
- Other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base Pay

Base pay is structured as a 'total employment cost' package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion, subject to Group guidelines.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Industry remuneration surveys provide analysis to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed – generally annually – to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in any senior executives' contracts.

Short-term Incentives

In respect of the senior Executives, each year key performance indicators (KPIs) are set. The Board of Directors sets the KPIs for the senior management and the senior management sets the KPIs for the other staff. The KPIs generally include measures relating to the Group and the individual, and include financial, sales, strategy, and risk measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

At the end of the financial year, the Board of Directors assesses the actual performance of the Group and the individual against the KPIs set at the beginning of the financial year. Minimum sales targets are compared with actual product sales, and the terms achieved in respect of additional strategic agreements are compared with the Board's desired terms. A percentage of the pre-determined maximum is awarded depending on results. No bonus is awarded where performance falls below the minimum.

Long-Term Incentive

Manalto Limited's Employee Share Option Plan (ESOP). Information on the Manalto Limited ESOP is set out on Pages 11-12 of the Directors' Report and Note 20.

Details of Remuneration

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Manalto Limited and the Manalto Group are set out in the following tables. The key management personnel of Manalto Limited and the Group include the Directors as listed earlier in this Report, and the Chief Marketing Officer.

The cash bonuses are dependent on the satisfaction of performance conditions as set out in the section headed Short-Term Incentives above. All other elements of remuneration are not directly related to performance.

Remuneration for each Director & Key Management Personnel of the Consolidated Entity During the Year

2017	Short Term Employee Benefits	Long Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Equity settled share based payments		Total	Proportion of Remuneration that is Performance Based
	Salary and Fees $	Long Service Leave $	Superannuation Contribution $	Cash $	Shares $	Options $	$	
Directors								
James McKerlie	109,378	-	-	-	-	19,224[1]	128,602	-
Paul Gardner	51,680	-	-	-	-	9,612[2]	61,292	-
Gary Cox	35,955	-	-	-	-	9,612[3]	45,567	-
Michael Quinert	11,308	-	-	-	-	9,612[4]	20,920	-
Anthony Owen	153,752	-	-	-	-	19,224[5]	172,976	-
Chris Adams	10,366	-	-	-	-	-	10,366	-
Joseph Miller	-	-	-	-	-	-	-	-
Total Director remuneration	372,439	-	-	-	-	67,284	439,723	-
Megan Owen	115,431	-	-	-	-	-	115,431	-
Total other Key Management	115,431	-	-	-	-	-	115,431	-
Total	487,870	-	-	-	-	67,284	555,154	-

(1) During the 2017 financial year, James McKerlie was granted 1,500,000 options with an exercise price of $A0.07, a term of 3 years.

(2) During the 2017 financial year, Paul Gardner was granted 750,000 options with an exercise price of $A0.07, a term of 3 years.

(3) During the 2017 financial year, Gary Cox was granted 750,000 options with an exercise price of $A0.07, a term of 3 years.

(4) During the 2017 financial year, Michael Quinert was granted 750,000 options with an exercise price of $A0.07, a term of 3 years.

(5) During the 2017 financial year, Anthony Owen was granted 1,500,000 options with an exercise price of $A0.07, a term of 3 years.

Remuneration for each Director & Key Management Personnel of the Consolidated Entity During the Prior Year

2016	Short Term Employee Benefits	Long Term Employee Benefits	Post-Employment Benefits	Termination Benefits	Equity settled share based payments		Total	Proportion of Remuneration that is Performance Based
	Salary and Fees $	Long Service Leave $	Superannuation Contribution $	Cash $	Shares $	Options $	$	
Directors								
Joseph Miller	-	-	-	-	-	-	-	-
Anthony Owen	175,462	-	-	-	-	266,396[6]	441,858	-
Michael Quinert	13,678	-	-	-	-	6,851[9]	20,529	-
Chris Adams	61,097	-	-	-	-	33,485[10]	94,581	-
David Fletcher	43,467	-	-	-	-	8,595[8]	52,062	-
Kristian Blaszczynski	-	-	-	-	-	-	-	-
Trent Telford	-	-	-	-	-	-	-	-
Total Director remuneration	293,704	-	-	-	-	315,327	609,030	-
Megan Owen	150,000	-	-	-	-	88,896[7]	238,896	-
Justin Vianello	139,210	-	-	-	-	-	139,210	-
Patrick Fong	190,385	-	-	-	-	-	190,385	-
Total other Key Management	479,595	-	-	-	-	88,896	568,491	-
Total	773,299	-	-	-	-	404,223	1,177,521	-

(6) During the 2016 financial year, Anthony Owen was granted 8,295,233 options with an exercise price of $A0.20, a term of 5 years and vest over 4 years, and 1,500,000 options with an exercise price of $A0.25, a term of 5 year terms and vest over 4 years.

(7) During the 2016 financial year, Megan Owen was granted 1,725,380 options with an exercise price of $A0.20, a term of 5 years and vest over 4 years, and 250,000 options with an exercise price of $A0.25, a term of 5 year terms and vest over 4 years.

(8) During the 2016 financial year, David Fletcher was granted 1,000,000 options with an exercise price of $A0.30, a term of 5 years and vest immediately on grant date.

(9) During the 2016 financial year, Michael Quinert was granted 500,000 options with an exercise price of $A0.20, a term of 5 years and vest immediately on grant date.

(10) During the 2016 financial year, Chris Adams was granted 500,000 options with an exercise price of $A0.25, a term of 5 years and vest immediately on grant date.

Movements in Directors & KMP Shareholdings

The number of shares held by each Director during the financial year are set out below.

2017	Balance 01/07/2016	Received as Remuneration	Exercise of Options	Net Change Other*	Balance 30/06/2017
Directors					
James McKerlie	-	-	-	2,875,000	2,875,000
Paul Gardner	-	-	-	718,750	718,750
Gary Cox	-	-	-	862,500	862,500
Michael Quinert	140,000	-	-	575,000	715,000
Anthony Owen	6,769,540	-	-	(2,613,233)	4,156,307
Chris Adams	-	-	-	40,000	40,000
Joseph Miller	13,961,731	-	-	928,571	14,890,302
Total	20,871,271	-	-	3,386,588	24,257,859

* The 'Net Change Other' column above includes those shares that have been either sold or purchased by holders.

Employee Share Option Plan

The Group has established the Manalto Limited Employee Share Option Plan (ESOP) to assist in the attraction, retention and motivation of employees of the Group. A summary of the Rules of the Plan is set out below. Each option is to subscribe for one fully paid ordinary share in the Company. Once issued, the options are subject to a holding period to be determined by the Board, during which time the options may not be exercised. Options are granted under the plan for no consideration. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares either (in the discretion of the Board) at the time the Board resolves to offer those options or at the time of vesting. The total number of shares subject of options issued under the Plan, when aggregated with issues pursuant to any other employee share plan, must not exceed 5% of the Company's issued share capital. Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares. Option holders may only participate in new issues of securities by first exercising their options. Shares or Options received under the ESOP are received for past service.

The terms and conditions of each grant of options affecting remuneration in the consolidated entity and the parent entity during the period as set out below. No amounts were paid or payable in respect of options issued.

There is a trading policy where Directors and staff communicate their intent to purchase or sell securities to both the Company Secretary and Chairman.

Movements in Directors & KMP options holdings

No options were exercised during 2017.
The number of options held by each Director and key management personnel during the financial year ended 30 June 2017 are set out below.

2017	Balance 01/07/2016	Received as Remuneration	Exercise of Options	Lapsed	Net other change*	Balance 30/06/2017
Directors and Key Management Personnel						
James McKerlie	-	1,500,000	-	-	2,500,000	4,000,000
Paul Gardner	-	750,000	-	-	625,000	1,375,000
Gary Cox	-	750,000	-	-	1,250,000	2,000,000
Michael Quinert	500,000	750,000	-	-	500,000	1,750,000
Anthony Owen	12,895,233	1,500,000	-	-	-	14,395,233
Chris Adams	500,000	-	-	-	-	500,000
Joseph Miller	-	-	-	-	-	-
Megan Owen	3,425,380	-	-	-	-	3,425,380
Total	17,320,613	5,250,000	-	-	4,875,000	27,445,613

*Net other change refers to options granted in connection with participation of issue of unsecured convertible loan notes.

Details of share options issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2017 are set out below:

Name	Options	Grant Date	Date of Expiry	Exercise Price $USD	Fair value $USD
James McKerlie	1,500,000	19 January 2017	19 January 2020	$0.05[1]	$19,224
Paul Gardner	750,000	19 January 2017	19 January 2020	$0.05[1]	$9,612
Gary Cox	750,000	19 January 2017	19 January 2020	$0.05[1]	$9,612
Michael Quinert	750,000	19 January 2017	19 January 2020	$0.05[1]	$9,612
Anthony Owen	1,500,000	19 January 2017	19 January 2020	$0.05[1]	$19,224

Details of share options issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Options	Grant Date	Date of Expiry	Exercise Price $USD	Fair value $USD
Anthony Owen	8,295,233	29 February 2016	29 February 2020	$0.14[2]	$219,018
Anthony Owen	1,500,000	29 February 2016	29 February 2020	$0.18[3]	$40,411
Michael Quinert	500,000	29 February 2016	29 February 2020	$0.14[2]	$13,201
Chris Adams	500,000	11 March 2015	11 March 2018	$0.19[3]	$33,924
David Fletcher	1,000,000	15 December 2015	15 December 2020	$0.22[4]	$19,845
Megan Owen	1,725,380	29 February 2016	29 February 2020	$0.14[2]	$45,455
Megan Owen	250,000	29 February 2016	29 February 2020	$0.18[3]	$6,735

(1) The options were issued at a price of AUD$0.07.
(2) The options were issued at a price of AUD$0.20
(3) The options were issued at a price of AUD$0.25.
(4) The options were issued at a price of AUD$0.30.

Other Payments Made to the Directors

A Director, Michael Quinert, is the partner of a legal firm Quinert Rodda & Associates. During the year Quinert Rodda & Associates provided legal advisory service to the Group. The services were provided on normal commercial terms and conditions. Payments are included in the Statement of Profit or Loss and Other Comprehensive Income as operating expense of the Group.

Bambu Digital Pty Ltd, a Company associated with former Executive Chairman James McKerlie, provided staff secondment services during the year to the Group. The services were provided on normal commercial terms and conditions. Payments are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as operating expense of the Group.

Amounts recognised as expense:

	Consolidated	
	2017 **$**	**2016** **$**
Quinert Rodda & Associates Consulting & Professional Fees	63,523	32,993
Bambu Digital Pty Ltd secondment fees	84,224	-
Total	**147,747**	**32,993**

This marks the end of the audited Remuneration Report.

15. Indemnification of Officers

During the financial year, Manalto Limited Instituted Directors and Officers insurance. 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 Group, 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 themselves 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.

16. Proceedings on Behalf of Company

The Company was involved in an employee litigation matter that was brought against the Group during the financial year ended 30 June 2017. The matter was settled during July 2017 and no such proceedings are ongoing.

17. Options

At the date of this report, the unissued ordinary shares of Manalto Limited under unlisted options are as follows:

Grant Date	Date of Expiry	*Exercise Price	Number Under Option
11 March 2015	11 March 2020	$0.19[1]	4,550,000
11 March 2015	11 March 2018	$0.19[1]	2,250,000
15 December 2015	15 December 2020	$0.23[2]	1,600,000
29 February 2016	29 February 2020	$0.15[3]	13,765,613
26 February 2016	29 February 2020	$0.19[1]	2,415,000
19 January 2017	19 January 2018	$0.05[4]	25,875,000
19 January 2017	19 January 2020	$0.05[4]	5,250,000
Total			55,705,613

(1) The options were issued at a price of AUD$0.25.
(2) The options were issued at a price of AUD$0.30.
(3) The options were issued at a price of AUD$0.20.
(4) The options were issued at a price of AUD$0.07.
(5) In connection with the issue of convertible notes, the Company agreed to issue up to 10,625,000 options (exercise price of A$0.07 and an expiry date 12 months from issue date), entitling the note holders to an ordinary share in the Company. These options were offered in a Prospectus announced to the market on 29 August 2017 and were not on issue at reporting date.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

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

Terence Clee
Non-executive Chairman

James Ellingford
Executive Director

Dated 30 October 2017

Corporate Governance Statement

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ROLE OF THE BOARD AND MANAGEMENT

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board's responsibilities are detailed in its Board Charter and cover the following broad categories:

- Leadership of the organisation
- Strategy formulation
- Shareholder liaison
- Monitoring, compliance and risk management
- Company finances
- Human resources
- Health, safety and well-being of Directors, Officers and Contractors
- Delegation of authority
- Remuneration policy
- Nomination policy

BOARD APPOINTMENTS

The Company undertakes comprehensive reference checks prior to appointing a Director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of Director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing.

COMPANY SECRETARY

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board on governance matters, monitoring that Board policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

DIVERSITY

The Company's objective is to have a workforce that is representative of the countries and communities in which it operates. Our workforce is employed based on the right person for the right job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability.

The Company is committed to increasing diversity amongst its employees, consultants and advisors. Management and board positions are filled by the best candidates available without discrimination. The Company is committed to increasing gender diversity within these positions when appropriate appointments become available. It is also committed to identifying suitable persons within the organisation and where appropriate opportunities exist, advance diversity and to support promotion of talented employees into management positions.

The Company has not set any gender specific diversity objectives as it believes that all categories of diversity are equally as important within its organisation.

BOARD AND KMP PERFORMANCE REVIEW

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

Given the current Board was appointed 15 September 2017, they are unable to comment on what took place during the financial year ended 30 June 2017. The new Board intends to conduct performance reviews of all key management personnel (KMP) against qualitative and quantitative key performance indicators relevant to each KMP throughout the 2018 financial year and is actively conducting searches to appoint additional KMP posts.

INDEPENDENT ADVICE

Directors collectively or individually have the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. All advice obtained is made available to the Full Board.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

STRUCTURE AND COMPOSITION OF THE BOARD

The Board has been formed so that it has an effective mix of personnel who are committed to adequately discharging their responsibilities and duties and being of value to the Company.

The names of the Directors, their independence, qualifications and experience are stated on page 6 along with the term of office held by each.

The Board believes that the interests of all Shareholders are best served by:

- Directors having the appropriate skills, experience and contacts within the Company's industry.
- The Company striving to have a number of Directors being independent as defined in the ASX Corporate Governance Guidelines.
- Where any Director has a material personal interest in a matter before the Board, the Director will not be permitted to be present during discussion or to vote on the matter. The enforcement of this requirement is in accordance with the Corporations Act and aims to ensure that the interests of Shareholders, as a whole, are pursued and that their interest or the Director's independence is not jeopardised.

The Board assesses whether a Director is independent in accordance with the ASX Corporate Governance Council's independence guidelines. The Board currently consists of three Directors of which two are considered to be independent. Terence Clee and Tim Wilson are all considered to be independent Directors.

The Board considers that the presence of at least two independent Directors (including the Chairman) provides the Board with sufficient independent judgement.

NOMINATION OF DIRECTORS

The Board is responsible for the nomination and selection of Directors. Given the size of the Board and the company, the Board does not believe it to be appropriate to establish a Nomination Committee at this time.

Directors are appointed based on the specific skills required to effectively govern the company. The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board has not developed a formal Board skill matrix. The Board is satisfied with the skills and experience of each Director and the current Board, the Board will consider developing a formal Board sills matrix during the 2018 financial year.

INDUCTION OF DIRECTORS AND PROFESSIONAL DEVELOPMENT

A new Director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBILY

ETHICAL AND RESPONSIBLE DECISION MAKING

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.

LEGITIMATE INTERESTS OF STAKEHOLDERS

The Board acknowledges the legitimate interests of various stakeholders such as Employees, Clients, Customers, Government Authorities, Creditors and the Community as a whole. As a good Corporate Citizen, it encourages compliance and commitment to appropriate corporate practices that are fair and ethical.

SHARE TRADING POLICY

The Company has a share trading policy that regulates the dealings by Directors, Officers and Consultants, in shares, options and other securities issued by the Company. The policy has been formulated to ensure that Directors, Officers, Employees and Consultants who work on a regular basis for the Company are aware of the legal restrictions on trading in Company securities while in possession of unpublished price-sensitive information.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

AUDIT COMMITTEE

The Board has assumed the responsibilities normally delegated to the Audit and Risk Committee as set out in the Company's Audit and Risk Committee Charter. Due to the size of the Company, the Board does not believe it is necessary to establish a separate Audit and Risk Committee structure.

In fulfilling the responsibilities of the Audit and Risks Committee, the Board:

- Receives regular reports from management;
- Meets with the external auditors at least twice a year and reviews any significant disagreements between the auditors and management irrespective of whether they have been resolved;

- Review of the audit plan with the external auditors and evaluates the effectiveness of the external audit; and
- Fulfils all obligations of the Audit and Risk Committee as set out in the Company's Audit and Risk Committee Charter.

EXECUTIVE DIRECTOR DECLARATIONS

The Executive Director has provided the Board with a declaration that, in his 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.

EXTERNAL AUDITOR

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

In accordance with ASX Listing Rules, the Company immediately notifies the ASX of information concerning the Company:

- That a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and,
- That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.
- The information disclosed will be factual and presented in a clear and balanced way that allows investors to assess the impact of the information when making investment decisions.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- Communicating effectively with shareholders through releases to the market via ASX, the Company website, information mailed to shareholders, annual and half-year financial statements and the general meetings of the company;
- Giving shareholders ready access to balanced and understandable information about the Company and corporate proposals; and
- Making it easy for shareholders to participate in general meetings of the company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the company. These contact details are available on Company ASX announcements.

The Company views the annual general meeting as an opportunity for shareholders to meet with and ask questions of the Board. Accordingly, all shareholders are given the opportunity to ask questions. The Company's external auditors are in attendance at the annual general meetings. All shareholders are given the opportunity to ask the Company's external auditors questions about the conduct of the audit and the preparation and content of the auditor's report.

Shareholders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

The Company maintains information in relation to its corporate governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The incoming Board will review the existing policy for risk oversight and management within the Company and make any adjustments to processes as / if required.

Risk management is considered a key governance and management process. The Board ultimately determines the company's risk profile and is responsible for approving and overseeing the company's risk management policy and internal compliance and control systems. The Board reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound. A review of the Company's risk management framework occurred during the year.

Management reports to the Board on the effectiveness of the Company's management of its material business risks. In addition, the Board undertakes a review of all major activities to assess risk and the effectiveness of strategies implemented to manage risk. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks. The Company does not have an internal audit function.

The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Due to the size of the Board and the Company, the Board has not established a separate Remuneration Committee.

The Board of Directors is responsible for, but not limited to, the following:

- Setting the remuneration and conditions of service of all Executive and Non-Executive Directors, Officers and Employees of the Company;
- Approving the design of Executive and Employee incentive plans (including equity-based plans) and proposed payments or awards under such plans;
- Reviewing performance hurdles associated with incentive plans;
- Making recommendations to the Board on the remuneration of Non-Executive Directors within the aggregate approved by shareholders at General Meetings from time to time;
- Consulting appropriately qualified consultants for advice on remuneration and other conditions of service;
- Succession planning for the Senior Executive Officers;
- Performance assessment of the Managing Director and Senior Executives Officers; recommending policy on the selection of Board Members; and,
- Recommending prospective Board Members to the Full Board of the Company.

The Company remunerates directors and key executives fairly and appropriately with reference to the skills and experience of the director/executive and employment market conditions. Any bonus or incentive payments made to directors and executives are based on the achievement of set financial and/or operational performance targets. Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders. Participants in an equity based remuneration scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

The Company is committed to remunerating its Senior Executives in a manner that is market-competitive and consistent with 'Best Practice' as well as supporting the interests of Shareholders. Senior Management may receive a remuneration package-based on fixed and variable components, determined by their position and experience. Shares and/or Options may also be granted based on an individual's performance, with those granted to Directors subject to Shareholder approval.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in Equity Schemes of the Company without prior Shareholder approval.

Details of the amount of remuneration, and all monetary and non-monetary components, for Directors and key management personnel are included in the Directors' Report.

This Corporate Governance statement complies with the 3rd edition (March 2014) of the ASX Corporate Governance Principles/Recommendations, is current as at 30 June 2017 and has been approved by the Board. All of these practices, unless otherwise stated, were in place for the entire year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2017

		Consolidated	
	Note	2017 $US	2016 $US
Revenue	3	114,805	117,952
Other income	3	50	70
Total revenue and other income	3	114,855	118,022
Payroll and employees expense		(1,937,585)	(1,567,438)
Share-based payment expense		(429,735)	(310,335)
Travel and accommodation		(347,314)	(509,464)
Consulting and professional fees	4	(913,536)	(447,950)
General administration and compliance costs		(375,477)	(350,998)
IT and web costs		(183,758)	(150,656)
Advertising and marketing		(90,152)	(119,892)
Depreciation and amortisation		(416,153)	(24,039)
Impairment of intangible assets	9	(1,658,323)	-
Finance expense	5	(145,038)	(9,365)
Loss before income tax		(6,382,216)	(3,372,115)
Income tax benefit/(expense)	6	(362,284)	187,562
Net loss for the period		**(6,744,500)**	**(3,184,553)**
Items that may be reclassified subsequently to profit or loss:			
Foreign Currency Translation Reserve Movement	16	(33,178)	44,196
Total comprehensive (loss) for the period		**(6,777,678)**	**(3,140,357)**

Basic and diluted loss per share (cents per share) from continuing operations:			
Basic earnings per share	19	(3.71)	(2.70)
Diluted earnings per share	19	(3.71)	(2.70)

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		Consolidated	
	Note	2017 $US	2016 $US
ASSETS			
Current assets			
Cash and cash equivalents	7	381,724	1,308,515
Trade and other receivables	8	419,738	132,583
Prepaid expenses	8	8,238	2,705
Total current assets		809,700	1,443,803
Non-current assets			
Deferred tax asset	6	-	362,284
Property, plant and equipment	10	69,415	80,167
Intangible assets	9	-	1,469,993
Total non-current assets		69,415	1,912,444
TOTAL ASSETS		879,115	3,356,247
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,127,681	127,586
Short-term borrowings	12	1,153,177	-
Short-term provisions	13	156,659	33,854
Total current liabilities		2,437,517	161,440
TOTAL LIABILITIES		2,437,517	161,440
NET ASSETS		(1,558,402)	3,194,807
EQUITY			
Equity attributable to owners of the parent:			
Contributed equity	14	12,246,025	10,651,290
Share option reserve	20	1,034,756	605,021
Foreign currency translation reserve	16	(136,589)	(103,411)
Accumulated losses	15	(14,702,594)	(7,958,093)
TOTAL EQUITY		(1,558,402)	3,194,807

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2017

Consolidated

30 June 2017	Note	Contributed Equity $US	Foreign currency reserve $US	Accumulated Losses $US	Share option reserve $US	Total $US
Balance at 1 July 2016		**10,651,290**	**(103,411)**	**(7,958,093)**	**605,021**	**3,194,807**
Losses for the year	15	-	-	(6,744,500)	-	(6,744,500)
Other comprehensive income/(loss)	16	-	(33,178)	-	-	(33,178)
Transactions with owners in their capacity as owners						
Share-based payment – share options	20	-	-	-	429,735	429,735
Contributions of equity	14	1,535,202	-	-	-	1,535,202
Issue of convertible notes – equity component		59,533	-	-	-	59,533
Balance at 30 June 2017		**12,246,025**	**(136,589)**	**(14,702,593)**	**1,034,756**	**(1,558,402)**

Consolidated

30 June 2016	Note	Contributed Equity $US	Foreign currency reserve $US	Accumulated Losses $US	Share option reserve $US	Total $US
Balance at 1 July 2015		**7,404,106**	**(147,607)**	**(4,773,540)**	**294,686**	**2,777,645**
Losses for the year	15	-	-	(3,184,553)	-	(3,184,553)
Other comprehensive income/(loss)	16	-	44,196	-	-	44,196
Transactions with owners in their capacity as owners						
Share-based payment – share options	20	-	-	-	310,335	310,335
Contributions of equity	14	3,247,184	-	-	-	3,247,184
Balance at 30 June 2016		**10,651,290**	**(103,411)**	**(7,958,093)**	**605,021**	**3,194,807**

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2017

	Note	Consolidated 2017 $US	2016 $US
Cash flows from operating activities:			
Receipts from customers		152,239	121,967
Payments to suppliers and employees		(2,737,641)	(3,261,232)
Interest received/(paid)		50	70
Net cash provided by (used in) operating activities	21(a)	**(2,585,352)**	**(3,139,195)**
Cash flows from investing activities:			
Payments for plant and equipment		(33,981)	(58,862)
Payments for intangibles		(514,140)	(876,406)
Net cash provided by (used in) investing activities		**(548,121)**	**(935,268)**
Cash flows from financing activities:			
Proceeds from issue of share capital		600,785	3,461,942
Capital raising costs		(65,588)	(214,758)
Proceeds from borrowings		1,704,663	-
Net cash provided by financing activities		**2,239,860**	**3,247,184**
Net increase (decreases) in cash held		(893,613)	(827,279)
Effect of currency translation on cash and cash equivalents		(33,178)	44,196
Cash at beginning of financial year		1,308,515	2,091,598
Cash at end of financial year	**7**	**381,724**	**1,308,515**

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Pursuant to changes to the *Corporations Act 2001*, the financial statements presented are only for the consolidated entity consisting of Manalto Limited and its subsidiaries. Disclosures required in relation to the parent entity are presented in Note 22.

(a) Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian interpretations), other authoritative pronouncements adopted by the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing financial statements.

Compliance with IFRS

The consolidated financial statements and notes of Manalto Limited comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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.

(b) Going Concern

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

The Group has experienced operating losses of $6,744,500 and net cash outflows from operating activities of $2,585,352, and has net liabilities of $1,558,402. The Company will need to raise additional funds in the year ahead in order to meet all of its expenditure commitments.

A number of cost saving measures have been implemented including reduction of international staff head count; closure of South Africa office; and significant reduction of South Africa head count and commenced liquidation of South African subsidiary.

While the raising of the necessary funds is not assured, the directors are confident that in the short term they will be able to raise the additional capital required to continue the business operations.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a Going Concern.

On 4 October 2017, the Company announced that EverBlu Capital ("EverBlu") had committed to the short-term funding of the Company. EverBlu committed in writing to filling a A$550,000 equity capital raise from the Chairman's List which has now been completed. Furthermore, EverBlu has committed to a minimum of A$1.5m to support the short-term funding of the Company in order to ensure the Company can pay debts as they fall due, as well as providing longer term support in follow up capital raises. While the size and pricing of this future raise are not yet decided, it is EverBlu's current intention that the amount will not be less than A$1.5m and up to A$3m.

The Directors believe that it is reasonably foreseeable that the Company and consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in preparation of the financial report.

(c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Manalto Limited and its subsidiaries (the Group) as at 30 June 2017.

Refer to Note 26 for detailed information on controlled entities throughout the reporting period ended 30 June 2017.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the group.

(d) Segment Reporting

The Group determines and presents operating segments based on the information that is internally provided to the Executive Chairman, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are regularly reviewed by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include revenue and expense items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Assets and liabilities are not allocated to operating segments. Other unallocated items comprise mainly head office and Group-wide expenses, and income tax amounts.

Under AASB 8 *Operating Segments*, segment information is presented using a 'management approach'; that is, segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions). In the year ended 30 June 2017, the Group has continued operations in Australia, the USA, South Africa, Ireland and the Netherlands. As such, the Directors have opted to report its operations by geographical segments. Refer to Note 25 for further information.

(e) Foreign Currency Translation

The functional currency of the Manalto Limited is AU$, while the subsidiary in the United Stated has a functional currency of US$. Due to the operational head office of the group being based in the USA for the majority of the financial year ended 30 June 2017, and the vast majority of the transaction being in US$, the group has elected its presentation currency in US$.

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the US Dollar (US$) are translated upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into US$ at the closing rate at the reporting date. Income and expenses have been translated into US$ at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

Foreign exchange gains and losses resulting from settling foreign currency transactions, as well as from restating foreign currency denominated monetary assets and liabilities, are recognised in profit or loss, except for differences arising on the re-translation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

Foreign currency gains and losses are reported on a net basis.

Although the USA remains a major market for Manalto, the Company has transitioned the corporate function back to Australia, with the majority of management and operating cash flows to be run from Australia going forward. Accordingly, the directors will elect to present financial information in Australian dollars from 1 July 2017. Movements from the change in presentation currency from US$ to AU$ will be recorded through Other Comprehensive Income and the Foreign Currency Translation Reserve.

(f) Financial Instruments

i. Non-Derivative Financial Assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

ii. Financial Assets at Fair Value through Profit or Loss

At 30 June 2017, the Group does not hold any financial assets at fair value through profit or loss.

iii. Held-to-Maturity Investments

If the Group has positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

iv. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables (refer to Note 1(o)).

Cash and cash equivalents comprise cash balances and at-call deposits with original maturities of three months or less (refer to Note 1(p)).

v. Available-For-Sale Financial Assets

As at 30 June 2017, the Group does not hold any available-for-sale financial assets. Any such assets subsequently acquired would, subsequent to initial recognition, be measured at fair value and changes therein, other than impairment losses (see Note 1(f)(x) and foreign exchange gains and losses on available-for-sale monetary items (see Note 1(e)) would be recognised in other comprehensive income. When an investment is derecognised, the cumulative gain or loss in equity would be transferred to profit or loss.

vi. Non-Derivative Financial Liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts.

The Group has (or has had during the reporting period) the following non-derivative financial liabilities: trade and other payables. These financial liabilities are recognised at fair value plus any directly attributable transaction costs.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

vii. Share Capital

Ordinary shares are classified as equity. If the entity reacquires its own equity instruments, e.g. as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

viii. Derivative Financial Instruments

As at 30 June 2017, the Group did not hold any derivative financial instruments.

ix. Compound Financial Instruments

Compound financial instruments consist of convertible notes that can be converted to share capital at the option of the holder.

The fair value of a liability portion of a convertible note is determined using a market rate of interest for an equivalent non-convertible note and stated on an amortised cost basis until conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and is shown as equity. Issue costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Subsequent to initial recognition, the liability component of this compound financial instrument is measured at amortised cost using the effective interest method. Any equity component of this compound financial instrument is not remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders will be recognised against equity, net of any tax benefit.

x. Impairment of Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not otherwise consider, indications that a debtor or issuer will enter bankruptcy, and the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries, and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. If applicable, interest on an impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(g) Property, plant and equipment

Items of property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Items of property, plant and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of equipment and other equipment. The following useful lives are applied:

- IT equipment: 2-5 years
- Other equipment: 3-12 years

In the case of leasehold property, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(h) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Impairment losses on goodwill cannot be reversed.

Research & Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

(i) Impairment of Non-Financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

(j) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Fees paid in the establishment of loan facilities, which are not incremental costs relating to the draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Finance expenses comprise interest expense on borrowings including convertible notes, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and impairment losses recognised on financial assets.

In respect of borrowing costs relating to qualifying assets, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

(k) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance expense.

(l) Employee Benefits

Wages & Salaries, Annual Leave & Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, are recognised in other payables, and for annual leave and accumulating sick leave expected to be settled wholly within 12 months in provisions, in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, on an undiscounted basis.

Long Service Leave

The liability for long service leave is not recognised in the provision for employee benefits. All of the Group's current employees are based in the United States of America (USA), South Africa and the Netherlands and no long service leave entitlements exist in these locations.

Share-Based Payments

Share-based compensation benefits are provided to employees via the employee share option scheme. Information relating to this scheme is set out in Note 20.

The fair value of options granted under the employee share option scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of option grants for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of grants that do not meet the related service and non-market performance conditions at the vesting date. For grants with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of options at grant date is independently determined using the Black Scholes option pricing model or Binomial option pricing model that take into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Profit Sharing & Bonus Plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. The Company does not make contributions to a defined contribution plan on behalf of an employee.

(m) Share-Based Payments

The Group measures the goods and services received by equity-settled share-based payment transactions as an increase in equity, directly, at the fair value of the goods or services rendered, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services rendered, the Group shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

If the equity instruments granted vest immediately, are unconditional and are not required to complete a specified period of service, the Group shall presume that services rendered by the counterparty as consideration for the equity instruments have been received. On grant date the Group recognises the services rendered in full, with a corresponding increase in equity.

If the equity instruments granted do not vest until the counterparty completes a specified period of service, the Group shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period. The Group accounts for these services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

For the Group's policy on share based payments to employees, please refer to Note 1(l).

(n) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, volume rebates, and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Revenue from license services provided are recognised over the subscription period and recognised in the period in which it is earned.

Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(o) Trade Receivables

Trade receivables are recognised at fair value less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(p) Cash and Cash Equivalents

Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss in other expenses.

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(q) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(s) Earnings per Share

Basic Earnings Per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company 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) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(u) Leases

At the inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(v) New accounting standards issued but not yet effective

The following new standards, amendments to Standards and Interpretations which have been recently issued or amended but are not yet effective have not been applied to the financial statements for the current period. None of these are expected to have a significant effect on the entity's financial position or performance.

AASB 9 – Financial Instruments
AASB 9 replaces the existing guidance in AASB 139 – *Financial Instruments: Recognition and Measurement.* AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting treatment. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group has performed a preliminary assessment and the application of AASB 9 is not expected to have a material effect on the Group's consolidated financial statements.

AASB 15 – Revenue from Contracts with Customers
AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 – *Revenue* and AASB 111 – *Construction Contracts*.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group has performed a preliminary assessment and the application of AASB 15 is not expected to have a material effect on the Group's consolidated financial statements.

AASB 16 – Leases

AASB 16 *Leases* was issued and introduced changes to lessee accounting. It requires recognition of lease liabilities and assets other than short-term leases of low-value assets on the statement of financial position. This will replace the operating/financial lease distinction and accounting requirements prescribed in AASB 117 Leases.

AASB 16 will become mandatory for the Group's 30 June 2020 financial statements.

The Group has performed a preliminary assessment and the application of AASB 16 is not expected to have a material effect on the Group's consolidated financial statements.

(w) Critical Accounting Estimates & Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Convertible notes

During the year, the Group issued Convertible Loan Notes (CLNs). These notes have a mixture of debt and equity features and as such a component of this funding has been recognised in Contributed Equity (Note 14). This is on the basis that while there is a financial liability component (being the contractual obligation to pay principal and interest) there is also an equity component as it meets the fixed-for-fixed rule, being the right to convert principal plus interest into shares. As a compound instrument, the financial liability needs to be measured at fair value at the issue date and remeasured at amortised cost at reporting date. Fair value of the liability on initial recognition needs to be determined by discounting the potential cash flows of principal and interest at a commercial interest rate that would be applicable for the equivalent instrument without the equity conversion element, thus an interest rate of 22.5% has been applied. Any free attaching options and shares that were issued in connection with the convertible notes are considered to be part of the overall return to the lender rather than in lieu of a cash fee for service and as such have been accounted for in accordance with AASB 139 rather than AASB 2.

Share-based payments

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using either the Binomial or the Black-Scholes valuation methods, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in Note 20. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equty.

Impairment of Intangible Assets

At reporting date, an impairment loss was recognised for the capitalised development costs of the Soshlr intangible asset and the Customer Contracts acquired as an intangible asset. The recoverable amount of the Soshlr assets, determined to be the value-in-use, was deemed nil by the Board of Directors, based on the decision to merge the product with the Manalto product. The recoverable amount of the Customer Contracts was also deemed nil by the Board of Directors on the basis of a revised estimate of future revenue likely to be obtained from the contracts. The accounting estimates and assumptions relating to the impairment of intangible assets would have no impact on the financial statements in future reporting periods.

Deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses and temporary differences. Deferred tax assets will be recognised when it becomes probable that future taxable profits will be earned by the Group against which the Group can utilise the benefits therefrom.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Refer also to Note 1(b) in relation to the adoption of the 'going concern' basis of accounting in the financial statements.

(x) Income Taxes

The Group is subject to income taxes in Australia, United States of America, South Africa, Ireland and the Netherlands. The Group has not recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. Refer to Note 6 for further detail.

2. Financial Risk Management

Overview

The Company and the Group have exposure to the following risks from their use of financial instruments:

- credit risk;
- liquidity risk; and,
- market risk.

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks affecting the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Company and Group, through training and management standards and procedures appropriate for a small organisation, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and Group. Being a relatively small organisation, there is no formal Internal Audit function.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

		Carrying Amount	
	Note	**2017 $US**	**2016 $US**
Trade & Other Receivables	8	419,738	132,583
Total		419,738	132,583

The Group's maximum exposure to credit risk for Trade Receivables at the reporting date was $419,738 (2016: $132,583).

Trade and Other Receivables

The Group has a credit policy under which potential new customers are analysed individually for creditworthiness before payment terms are offered. As the Group's revenue has been derived principally from arrangements under pre-agreed contractual terms, credit limits are not considered relevant. If payment is not received within agreed credit terms, services or availability of licensed technology may be suspended pending clearance of the outstanding balance.

More than 75% of the Group's operating revenue is from customers that have been transacting with the Group for 12 months, and losses have rarely if ever been experienced. In monitoring credit risk, each customer is assessed individually rather than grouping customers according to credit characteristics, because the Group deals with only a small number of customers. The Board of Directors reviews and approves the terms of new service contracts entered into with customers, including credit terms granted.

Guarantees

Neither the Company nor the Group has provided financial guarantees to any third party.

Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments, for the Group:

30 June 2017

	Carrying Amount $US	Contract C/Flows $US	6 months or less $US	6 -12 months $US	1 – 2 years **$US**	2 – 5 years **$US**	More than 5 years $US
Non-Derivative Financial Liabilities							
Trade and other payables	1,127,681	1,127,681	899,787	183,579	-	-	-
Loan	-	-	-	-	-	-	-
Total	1,127,681	1,127,681	899,787	183,579	-	-	-

30 June 2016

	Carrying Amount $US	Contract C/Flows $US	6 months or less $US	6 -12 months $US	1 – 2 years $US	2 – 5 years $US	More than 5 years $US
Non-Derivative Financial Liabilities							
Trade and other payables	127,586	127,586	127,586	-	-	-	-
Loan	-	-	-	-	-	-	-
Total	127,586	127,586	127,586	-	-	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to material levels of market risk. The Group has exposure to currency risk in relation to purchases that are denominated in a currency other than United States dollars. However, such purchases represent a relatively small proportion of total Group expenses and entry into hedging activity in relation to such purchases is not considered warranted on a cost-benefit analysis. The Group is exposed to currency risk associated with raising capital in Australia and utilising this capital to fund operational expenditure in the USA, South Africa and Europe. The cost of hedging this position is extremely high as the exact timing and amounts associated with the capital raising activities is not certain. As such the Directors do not consider this a cost effective measure to manage currency risk, and rather seek alternative measure to minimise the currency exchange losses.

The Group also has only a minor exposure to interest rate risk. Interest on credit card facilities is at a variable interest rate. Interest expense on these facilities is minor.

Exposure to Currency Risk

The Group's exposure (shown as Asset/(Liability) and Revenue/(Expense)) to foreign currency risk at reporting date was as follows, based on notional amounts (all amounts are shown as USD equivalents, with column headings denoting the invoice-denominated currency):

30 June 2017	**EUR**	**ZAR**	**GBP**	**AUD**	**USD**
Cash and cash equivalents	-	4,533	-	220,697	156,494
Trade and other payables	(60,128)	(176,114)	-	(600,974)	(290,464)
Trade and other receivables	614	67,601	-	318,941	32,582
Short-term borrowings	-	-	-	(1,153,177)	-
Gross Balance Sheet exposure	(59,514)	(103,980)	-	(1,214,513)	(101,389)
Profit or (loss)	(212,012)	(949,804)	-	(3,860,106)	(1,722,579)

30 June 2016	**EUR**	**ZAR**	**GBP**	**AUD**	**USD**
Cash and cash equivalents	-	-	-	719,853	588,662
Trade and other payables	(21,023)	(5,526)	-	(63,432)	(37,605)
Trade and other receivables	2,452	32,122	-	23,523	74,487
Gross Balance Sheet exposure	(18,571)	26,596	-	679,944	625,544
Profit or (loss)	(94,949)	(174,062)	-	(723,676)	(2,191,326)

The following significant exchange rates applied during the year:

	Average Rate		Spot Rate	
USD	**2017**	**2016**	**2017**	**2016**
AUD	0.7539	0.7281	0.7687	0.7443
GBP	1.2678	1.4842	1.3004	1.4285
EUR	1.0897	1.1098	1.1424	1.1105
ZAR	0.0735	0.0690	0.0767	0.0677

Interest Rate Risk

Profile

At the reporting date, the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

	Consolidated Carrying Amount	
	2017 $US	**2016 $US**
Fixed Rate Instruments	-	-
Short term borrowings	(1,153,177)	-
Variable Rate Instruments	-	-
Financial liabilities	-	-
Cash	381,724	1,308,515

Fair Value Sensitivity for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, nor does it have any derivatives designated as hedging instruments under a fair value hedge accounting model. Therefore, a fair value change in interest rates at the reporting date would not affect profit or loss.

Fair Values versus Carrying Amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	30 June 2017		30 June 2016	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Consolidated				
Trade and other receivables	419,738	419,738	132,583	132,583
Cash and cash equivalents	381,724	381,724	1,308,515	1,308,515
Prepaid expenses	8,238	8,238	2,704	2,704
Short term provision	(156,658)	(156,658)	(33,854)	(33,854)
Trade and other payables	(1,127,681)	(1,127,681)	(127,586)	(127,586)
Short-term borrowings	(1,153,177)	(1,153,177)		
Total	**(1,627,816)**	**(1,627,816)**	**1,282,362**	**1,282,362**

Fair value of all financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For convertible notes, the market rate of interest is determined by reference to likely rates available on similar debt financing facilities, having regard to market conditions and the Group's credit status.

Fair Value Hierarchy

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level* 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level* 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level* 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 12 – Short-term borrowings
- Note 14 – Contributed equity
- Note 20 – Share-based payments

Capital Management

The Board is in the process of developing a capital risk management policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

3. Revenue and Other Income

	Consolidated	
	2017 $US	**2016 $US**
Revenue from operating activities		
Licence fee revenue	114,805	117,952
Total operating revenue	**114,805**	**117,952**
Other income		
GST refund Healthlinx	-	-
Sale of Healthlinx Intellectual Property	-	-
Interest received	50	70
Total other income	**50**	**70**
Total revenue and other income	**114,855**	**118,022**

4. Consulting and professional fees

	2017 $US	**2016 $US**
Directors fees	199,840	141,283
Company secretary fees	35,960	30,581
Accounting expense	20,904	47,575
Audit fees	41,305	53,414
Consulting expense	97,721	69,517
Contractor expense	132,475	-
Soshlr market development expense	97,030	34,639
Equity market advisory fees	98,757	-
Legal expense	189,544	70,941
Total	**913,536**	**447,950**

5. Finance Income and Expense

Recognised in Profit or Loss:	Consolidated	
	2017 $US	**2016 $US**
Interest income on bank deposits	50	70
Finance Income	50	70
Interest expense on convertible notes	(145,038)	(9,365)
Finance Expense	(145,038)	(9,365)
Net Finance Income/(Expense)	(144,988)	(9,295)

No Finance Income or Expense was recognised directly in equity (2016: Nil).

6. Taxation

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

	2017 $US	2016 $US
Prima facie tax benefit on loss from ordinary activities before income tax		
- Australia (Income tax rate: 27.5%[1, 2])	1,018,443	181,720
- United States (35%)	637,397	862,922
- South Africa (28%)	282,220	48,737
- Ireland (13%)	13,199	6,598
- Netherlands (25%)	26,604	10,541
Consolidated entity	**1,977,863**	**1,110,518**
Adjusting for the tax effect of:		
Amortisation of intangible assets	23,416	20,248
Permanent differences	(25,530)	(14,406)
Deferred tax asset of tax loss and temporary differences not brought to account	(1,975,749)	(928,798)
Deferred tax assets written off	(362,284)	-
Income tax benefit/(expense) attributable to entity	**(362,284)**	**187,562**

(1) In the 2016/17 Budget, the Australian Government announced a reduction in corporate tax rate for entities with aggregate turnover less than $A2 million. As it was likely that the aggregate turnover will initially be $A2 million or less for Australian operations when absorbing the losses recognised, income tax rate of 28.5% was been applied when assessing deferred tax benefits for the 2016 financial year.

(2) Furthermore, the corporate tax rate was further reduced from 28.5% to 27.5% for the 2016/17 income year for small business entities. As it was likely that the aggregate turnover will initially be $A2 million or less for Australian operations when absorbing the losses recognised, income tax rate of 27.5% was been applied when assessing deferred tax benefits for the 2017 financial year.

Deferred tax assets

Deferred tax assets brought to account are set out below.

	Consolidated	
	2017 $US	**2016 $US**
Opening Balance 1 July	362,284	174,722
Deferred tax assets recognised	-	187,562
Deferred tax assets written off	(362,284)	-
Total	**-**	**362,284**

Deferred tax assets have not been recognised in respect of tax losses and temporary differences. Deferred tax assets will be recognised when it becomes probable that future taxable profits will be earned by the Group against which the Group can utilise the benefits therefrom.

Tax losses and timing differences not brought to account (at 27.5%) $1,975,749 (2016 (at 28.5%): $928,798).

This benefit for tax losses would only be obtained if:

The Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised; the Company complies with the conditions for deductibility imposed by the tax legislation; and no changes in tax legislation adversely affect the Company in realising the benefit from deductions for the losses.

In addition, the availability of tax losses is subject to the Group successfully establishing deductibility, and in particular, satisfying either the continuity of ownership test or the same business test at the future time at which losses are sought to be recouped.

7. Cash & Cash Equivalents

	Consolidated	
	2017 $US	**2016 $US**
Cash on hand	-	-
Cash at bank	381,724	1,308,515
Short-term bank deposits	-	-
Total	**381,724**	**1,308,515**

Cash at bank in 2017 is non-interest bearing (2016: non-interest bearing).

8. Trade & Other Receivables

	Consolidated	
	2017 $US	**2016 $US**
CURRENT		
Trade receivables	21,523	58,957
Allowance for doubtful debts	-	-
	21,523	58,957
Goods and services tax (receivable)	54,413	22,884
Deposits	34,545	32,394
Convertible notes receivable	259,418	-
Other receivables	49,839	18,348
Total	**419,738**	**132,583**
Prepayments	8,238	2,705
Total	**8,238**	**2,705**

Impaired receivables
At 30 June 2017 there were no bad or doubtful debts, and any past due trade receivables are not impaired.

Convertible notes receivable
At 30 June 2017 there were no past due or impaired convertible notes receivable.

Effective interest rates and credit risk
There is no effective interest rate on receivables.

9. Intangible Assets

Year ended 30 June 2017	**Capitalised Development Costs $US**	**Customer Contracts $US**	**Total $US**
Opening balance 1 July	1,469,993	-	1,469,993
Additions	490,739	76,116	566,855
Impairment charges	(1,596,096)	(62,227)	(1,658,323)
Amortisation	(357,800)	(13,621)	(371,421)
Net exchange differences	(6,836)	(268)	(7,104)
Balance at 30 June 2017	-	-	-

Year ended 30 June 2016	**Capitalised Development Costs $US**	**Customer Contracts $US**	**Total $US**
Opening balance 1 July	593,587	-	593,587
Additions	876,406	-	876,406
Impairment charges	-	-	-
Amortisation	-	-	-
Balance at 30 June 2016	1,469,993	-	1,469,993

The intangible asset related to capitalised development costs associated with the Soshlr social media management product. The asset was being amortised over a 5-year useful life beginning from the time the product was technically completed and commercialised, which occurred on 1 September 2016.

At 30 June 2017 an impairment loss of $1,596,096 (2016: $Nil) was recognised for this product. The recoverable amount of the asset, determined to be its value-in-use, was deemed nil, based on management's decision to discontinue the product, which was technically completed but had not achieved commercial success in the market. The time and investment required to achieve success was considered too great for the revenue that would be generated.

An impairment loss of $62,227 (2016: $Nil) was also recognised for Customer Contracts. Management have determined that the recoverable amount of this asset is its value-in-use, which has been determined to be nil on the basis of a revised estimate of the future revenue likely to be obtained from the contracts.

10. Property, plant and equipment

	Consolidated		
	Leasehold Improvements $US	**Office equipment $US**	**Total $US**
Year ended 30 June 2017			
Gross carrying amount			
Opening balance 1 July 2016	13,185	97,422	110,607
Additions	320	32,422	32,742
Disposals	-	(10,872)	(10,872)
Net exchange differences	1,318	5,535	6,853
Balance at 30 June 2017	14,823	124,507	139,330
Accumulated depreciation and amortisation			
Opening balance 1 July 2016	(2,627)	(27,813)	(30,440)
Depreciation expense	(5,143)	(39,589)	(44,732)
Disposals	-	6,979	6,979
Net exchange differences	(268)	(1,454)	(1,722)
Balance at 30 June 2017	(8,038)	(61,877)	(69,915)
Carrying amount at 30 June 2017	**6,785**	**62,630**	**69,415**
Year ended 30 June 2016			
Gross carrying amount			
Opening balance 1 July 2015	-	51,839	51,839
Additions	13,185	45,583	58,768
Balance at 30 June 2016	13,185	97,422	110,607
Accumulated depreciation and amortisation			
Opening balance 1 July 2015	-	(6,401)	(6,401)
Depreciation and amortisation expense	(2,627)	(21,412)	(24,039)
Balance at 30 June 2016	(2,627)	(27,813)	(30,440)
Carrying amount at 30 June 2016	**10,558**	**69,609**	**80,167**

11. Trade & Other Payables

	Consolidated	
	2017 $US	**2016 $US**
CURRENT		
Unsecured Liabilities		
Provision for audit fee	32,823	30,886
Trade payables and accrued expenses	1,083,366	96,700
Other payables	11,492	-
Total	**1,127,681**	**127,586**

Payables are non-interest bearing and are payable within one year.

12. Short-Term Borrowings

	Consolidated	
	2017 $US	**2016 $US**
Convertible notes	1,199,513	-
Adjustment for equity component	(59,533)	-
Accrued interest thereon	13,197	-
Total	**1,153,177**	**-**

On 20 April 2017, the Company placed 425,000 unsecured convertible loan notes (CLN) each with a face value of $A1.00 to raise a total of $A425,000 ($US327,000), convertible (together with accrued interest) to ordinary shares at a conversion price of $A0.04.

During June 2017, the Company successfully raised $A1.135m ($US0.872m) through the placement of 1,135,465 unsecured CLN each with a face value of $A1.00, convertible to ordinary shares at a conversion price of $A0.011. The Company had previously announced the intent to place a total of 1,399,365 unsecured CLN's, and successfully placed the remaining 264,000 unsecured CLN's in July 2017.

13. Short-Term Provisions

	Consolidated	
	2017 $US	2016 $US
Employee entitlements – annual leave	156,659	33,854
Total	**156,659**	**33,854**

14. Contributed Equity

	Consolidated	
	2017 No. of shares	2016 No. of shares
Opening contributed equity	165,783,161	98,054,590
Shares issued during the year upon conversion of convertible notes	37,681,250	-
Shares issued during the year as consideration	2,991,176	
Shares issued during the year for cash	31,928,571	67,728,571
Shares issued as consideration for the acquisition of assets of the business known as Hearis	789,474	-
Total	**239,173,632**	**165,783,161**

Reconciliation:	Consolidated	
	2017 $US	2016 $US
Balance at 1 July	10,651,290	7,404,106
Shares issued during the year for cash	597,846	3,447,423
Share issue expenses	(65,587)	(214,758)
Realised foreign currency gain/(loss)	2,939	14,519
Net cash flow from share issue	535,198	3,247,184
Conversion of short term borrowing to equity	879,091	-
Deemed consideration on acquisition of Hearis assets	34,118	-
Deemed consideration on operating costs	86,795	-
Contributions of equity	1,535,202	3,247,184
Issue of convertible notes – equity component	59,533	-
Total	**12,246,025**	**10,651,290**

Year ended 30 June 2017:

- On 1 August 2016, 789,474 shares were issued as part consideration for the acquisition of assets of the business known as Hearis at an issue price of $A0.057 ($US0.043). The weighted average share price at the date of exercise was $A0.059 ($US0.045).
- On 18 November 2016, 1,428,571 shares were issued to former Director as part of a placement as approved by shareholders at the Company's Annual General Meeting on 15 November 2016 at an issue price of $A0.07 ($US0.052). The weighted average share price at the date of exercise was $A0.046 ($US0.034).
- On 19 January 2017, 2,250,000 shares were issued in satisfaction of loan repayment at an issue price of $A0.040 ($US0.030). The weighted average share price at the date of exercise was $A0.027 ($US0.020).
- On 19 January 2017, 741,176 shares were issued in partial satisfaction of capital raising fees due at an issue price of $A0.034 ($US0.026). The weighted average share price at the date of exercise was $A0.027 ($US0.020).
- On 20 April 2017, 29,181,250 shares were issued upon conversion of existing convertible notes previously approved by shareholders at an issue price of $A0.040 ($US0.030). The weighted average share price at the date of exercise was $A0.027 ($US0.020).
- On 20 April 2017, 8,500,000 shares were as free-attaching in connection with issue of aforementioned convertible. The weighted average share price at the date of exercise was $A0.027 ($US0.020).
- On 20 April 2017, 24,506,750 shares were issued under Part A of the first tranche of the placement of 30,500,000 shares at an issue price of $A0.020 ($US0.015). The weighted average share price at the date of exercise was $A0.027 ($US0.020).
- On 20 April 2017, 5,993,250 shares were issued under Part B of the first tranche of the placement of 30,500,000 shares at an issue price of $A0.020 ($US0.015). The weighted average share price at the date of exercise was $A0.018 ($US0.014).

Year ended 30 June 2016:

- In December 2015, 24,500,000 shares were issued under the first tranche of a placement of 44,214,286 shares at an issue price of $A0.07 ($US0.051). The weighted average share price at the date of exercise was $A0.079 ($US0.058).
- On 17 February 2016, 3,314,288 shares were issued under the share purchase plan at an issue price of $A0.07 ($US0.050). The weighted average share price at the date of exercise was $A0.06 ($US0.043)
- On 8 March 2016, 11,317,144 shares were issued under Part A of the second tranche of the placement of 44,214,286 shares at an issue price of $A0.07 ($US0.052). The weighted average share price at the date of exercise was $A0.06 ($US0.045).
- On 28 April 2016, 8,397,143 shares were issued under Part B of the second tranche of the placement of 44,214,286 shares at an issue price of $A0.07 ($US0.053). The weighted average share price at the date of exercise was $A0.065 ($US0.050).
- On 27 May 2016, 20,199,996 shares were issued under the placement at an issue price of $A0.07 ($US0.050). The weighted average share price at the date of exercise was $A0.07 ($US0.050).

Ordinary Shares

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

All ordinary shares issued are fully paid.

Unlisted Options

Unlisted Options at 1 July 2016	**30,707,062**
Total options issued during the period	31,125,000
Total options lapsed / forfeited during the period	(6,126,449)
Less options exercised during the period	-
Total unlisted options at 30 June 2017	**55,705,613**

Information relating to unlisted options, including those issued pursuant to the Manalto Limited Employee Share Option Plan, showing details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out on the following table.

Unlisted Options at 30 June 2017

Grant Date	Date of Expiry	Exercise Price	Number Under Option
11 March 2015	11 March 2018	$0.19[1]	2,250,000[6]
11 March 2015	11 March 2020	$0.19[1]	4,550,000[6]
15 December 2015	15 December 2020	$0.23[2]	1,600,000[6]
29 February 2016	29 February 2020	$0.15[3]	13,765,613[7]
29 February 2016	29 February 2020	$0.19[4]	2,415,000[7]
19 January 2017	19 January 2018	$0.05[5]	25,875,000[6]
19 January 2017	19 January 2020	$0.05[5]	5,250,000[6]
Total			**55,705,613**

(1) The options were issued at a price of AU$0.25 (US$ 0.19) on Grant Date.
(2) The options were issued at a price of AU$0.30 (US$ 0.23) on Grant Date.
(3) The options were issued at a price of AU$0.20 (US$ 0.15) on Grant Date.
(4) The options were issued at a price of AU$0.25 (US$ 0.18) on Grant Date.
(5) The options were issued at a price of AU$0.07 (US$0.05) on Grant Date.
(6) In accordance with AASB132, this particular class of options were issued as part of Convertible Note agreements, are factored into the valuation of the Convertible Notes, and as such do not require a Share-based Payment valuation. Refer to Note 1(w) for further information.
(7) The Binomial valuation model has been used to value the options as of the 30 June 2017. Refer to Note 20 (a) for details associated with the valuation.
(8) In connection with the issue of convertible notes, the Company agreed to issue up to 10,625,000 options (exercise price of A$0.07 and an expiry date 12 months from issue date), entitling the note holders to an ordinary share in the Company. These options were offered in a Prospectus announced to the market on 29 August 2017 and were not on issue at reporting date.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

15. Accumulated Losses

	2017 $US	2016 $US
Accumulated losses at the beginning of the financial year	7,958,093	4,773,540
Net loss for the period	6,744,500	3,184,553
Accumulated losses at the end of the financial year	**14,702,594**	**7,958,093**

16. Foreign Currency Translation Reserve

	2017 $US	2016 $US
Balance at 1 July	(103,411)	(147,607)
Currency gain/(loss)	(33,178)	44,196
Balance at 30 June	**(136,589)**	**(103,411)**

17. Key Management Personnel Disclosures

a) Key management personnel compensation

	Consolidated	
	2017 $US	**2016 $US**
Short term employee benefits	487,870	773,299
Share-based payments	67,284	404,223
Total	**555,154**	**1,177,522**

b) Loans to key management personnel
No loans were made to any Directors of Manalto Limited or to any other key management personnel (or their related parties) of the Group during the year.

18. Related Party Transactions

a) Parent Entity
The parent entity within the Group is Manalto Limited.

b) Key Management Personnel
Disclosures relating to key management personnel are set out in Note 17.

c) Directors
A Director, Michael Quinert, is the partner of a legal firm Quinert Rodda & Associates. During the year Quinert Rodda & Associates provided legal advisory service to the Group. The services were provided on normal commercial terms and conditions. Payments are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as operating expense of the Group.

Bambu Digital Pty Ltd, a Company associated with former Executive Chairman James McKerlie, provided staff secondment services during the year to the Group. The services were provided on normal commercial terms and conditions. Payments are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as operating expense of the Group.

Amounts recognised as expense:

	Consolidated	
	2017 $US	**2016 $US**
Quinert Rodda & Associates Consulting & Professional fees	63,523	32,993
Bambu Digital Pty Ltd secondment fees	84,224	-
Total	**147,747**	**32,993**

d) Outstanding balances arising from sales / purchases of goods and services
There were no balances outstanding at the reporting date in relation to transactions with related parties, other than as disclosed in relation to Key Management Personnel in Note 17.

19. Earnings Per Share

a) Reconciliation of Earnings to Profit or Loss

	Consolidated	
	2017 $US	**2016 $US**
Loss for the year	6,744,500	3,184,553
Earnings used in calculation of basic and diluted EPS	**6,744,500**	**3,184,553**

(a) Weighted average number of ordinary shares (diluted):

	Consolidated	
	2017	**2016**
Weighted average number of ordinary shares outstanding during the year used in calculating *basic* EPS	181,789,759	119,168,181
Weighted average number of ordinary shares outstanding during the year used in calculating *diluted* EPS	181,789,759	119,168,191

(b) Earnings per share

	Consolidated	
	2017	**2016**
Basic earnings per share (cents per share)	(3.71)	(2.70)
Diluted earnings per share (cents per share)	**(3.71)**	(2.70)

As diluted EPS is calculated as a lower loss per share than basic EPS, diluted EPS is taken to be the same as basic EPS. The number of contingent shares excluded from the diluted EPS calculation is 55,705,613 share options on issue as detailed in Note 20 (a).

20. Share Based Payments

(a) Employee Option Plan

The Group has established the Manalto Limited Employee Share Option Plan (ESOP) to assist in the attraction, retention and motivation of employees of the Group. A summary of the Rules of the Plan is set out below.

- Each option is to subscribe for one fully paid ordinary share in the Company. Once issued, the options are subject to a holding period of four years, with the options vesting in equal percentages at the end of each year.
- Options are granted under the plan for no consideration. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares either (in the discretion of the Board) at the time the Board resolves to offer those options or at the time of vesting.
- The total number of shares subject of options issued under the Plan, when aggregated with issues pursuant to any other employee share plan, must not exceed 5% of the Company's issued share capital.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

Fair value of options granted

Grant Date	Expiry Date	Exercise Price cents	No. of options as at 01/07/16 '000	Balance 01/07/16 $US	No. Granted As Remun '000	*Value recognised in reserve $	Exercised	Forfeited	No. of options as at 30/06/17 '000	Balance 30/06/17 $US	Vested & Exercisable
11 March 2015[6]	11 March 2020	19[1]	4,550	271,440	-	84,029	-	-	4,550	355,469[5]	4,550
11 March 2015[6]	11 March 2018	19[1]	2,250	155,014	-	-	-	-	2,250	155,014[6]	2,250
16 December 2015[7]	16 December 2020	19[2]	17,720	128,057	-	230,872	-	(3,954)	13,766	358,929[7]	7,609
29 February 2016[8]	29 February 2016	19[2]	4,287	31,601	-	32,345	-	(1,872)	2,415	63,946[8]	1,273
1 December 2015[9]	1 December 2020	23[3]	1,900	18,909	-	15,206	-	(300)	1,600	34,115[9]	1,391
19 January 2017	19 January 2018	5[4]	-	-	25,875	-	-	-	25,875	-[10]	25,875
19 January 2017	19 January 2020	5[4]	-	-	5,250	67,283	-	-	5,250	67,283[11]	5,250
	Total		**30,707**	**605,021**	**31,125**	**429,735**	**-**	**(6,126)**	**55,706**	**1,034,756**	**48,198**
Weighted Average Exercise Price - cents				**16.4**		**11.3**				**11.3**	

(1) The options were issued at a price of AU$0.25 (US$ 0.19)
(2) The options were issued at a price of AU$0.25 (US$ 0.19).
(3) The options were issued at a price of AU$0.30 (US$0.22).
(4) The options were issued at a price of AU$0.07 (US$0.05).

Set out below are the summaries of options granted under the plan as at 30 June 2017.

(5) Using a Black-Scholes valuation model, the option value as of the 30 June 2017 on the 4.550 million management options issued on 11 March 2015 valued at 11.9 cents based on the following inputs:
   a. Weighted average share price: A$0.20,
   b. Exercise Price: A$0.25,
   c. Volatility: 80% based on historical volatility,
   d. Option life: 4.7yrs,
   e. Risk-free interest rate: 2.5% p/a

(6) Using a Black-Scholes valuation model, the option value as of the 30 June 2017 on the 2.250 million advisor options valued at 9 cents based on the following inputs:
   a. Weighted average share price A$0.20,
   b. Exercise price A$0.25,
   c. Volatility 80% based on historical volatility,
   d. Option life: 2.7yrs,
   e. Risk-free rate: 2.5% p/a

(7) Using a Binomial valuation model, the 13.767 million options issued at AU$0.25 (US$0.19) were valued at 5.07 cents based on the following inputs:
   a. Weighted average share price A$0.07,
   b. Exercise price A$0.20,
   c. Volatility 135.03% based on comparable companies,
   d. Option life: 4yrs,
   e. Risk-free interest rate 2.208% p/a.

(8) Using a Binomial valuation model, the 2.415 million options issued at AU$0.25 (US$0.19) were valued at 5.07 cents based on the following inputs:
   a. Weighted average share price A$0.07,
   b. Exercise price A$0.20,
   c. Volatility 135.03% based on comparable companies,
   d. Option life: 4yrs,
   e. Risk-free interest rate 2.208% p/a.

(9) Using a Black-Scholes valuation model, the 1.600 million options issued at AU$0.30 (US$0.22) were valued at 3.40 cents based on the following inputs:
   a. Weighted average share price A$0.08,
   b. Exercise price A$0.30,
   c. Volatility: 80% based on historical volatility,
   d. Option life: 5.47yrs,
   e. Risk-free interest rate 2.5% p/a.

(10) In accordance with AASB132, this particular class of options were issued as part of Convertible Note agreements, are factored into the valuation of the Convertible Notes, and as such do not require a Share-based Payment valuation. Refer to Note 1(w) for further information.

(11) Using a Black-Scholes valuation model, the 5.250 million options issued at AU$0.07 (US$0.05) were valued at 1.7 cents based on the following inputs:
   a. Weighted average share price A$0.027,
   b. Exercise price A$0.07,
   c. Volatility: 133% based on historical volatility,
   d. Option life: 3yrs,
   e. Risk-free interest rate 2.5% p/a.

(12) In connection with the issue of convertible notes, the Company agreed to issue up to 10,625,000 options (exercise price of A$0.07 and an expiry date 12 months from issue date), entitling the note holders to an ordinary share in the Company. These options were offered in a Prospectus announced to the market on 29 August 2017 and were not on issue at reporting date.

The options value recognised in the share option provision account is the liability associated with these options from the grant date to 30 June 2017.

(c) Expenses arising from share - based payment transactions

	Consolidated	
	2017 $US	**2016 $US**
Shares issued for other services rendered	166,519	13,162
Options issued under ESOP	263,216	297,173
Total	**429,735**	**310,335**

21. Cash Flow Statement Information

(a) Reconciliation of Cash Flow from Operations with loss after Income Tax

	2017 $US	**2016 $US**
Net loss after income tax	(6,744,500)	(3,184,553)
Depreciation	44,732	24,039
Amortisation	371,421	-
Interest expense on convertible notes	127,720	-
Impairment of intangible assets	1,658,323	-
Share-based payment expense	429,735	310,335
Capital issued as consideration on operating costs	86,795	-
(Increase)/decrease in trade and term receivables	(27,737)	(50,415)
Increase/(decrease) in trade payables and accruals	988,603	31,556
Increase/(decrease) in deferred taxes payable	362,284	(187,563)
(Increase)/decrease in other current assets	(5,532)	46,060
Increase/(decrease) in provisions	122,804	(128,654)
Cash flow from operations	**(2,585,352)**	**(3,139,195)**

(b) Non-cash investing activities

There were no non-cash investing activities during the year ended 30 June 2017 (2016: Nil).

(c) Non-cash financing activities

There were no non-cash financing activities during the year ended 30 June 2017 (2016: Nil).

22. Parent Entity Disclosures

The following details information related to the parent entity, Manalto Limited, at 30 June 2017 and 2016. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2017 $US	2016 $US
Current assets	547,390	3,822,252
Non-current assets	-	11,982,563
Total assets	547,390	15,804,815
Current liabilities	1,723,511	32,812
Non-current liabilities	-	-
Total Liabilities	1,723,511	32,812
Net Assets	**(1,176,121)**	**15,772,002**
Contributed equity	39,891,702	38,456,671
Accumulated losses	(42,312,915)	(23,144,437)
Option reserve	1,034,756	681,295
Other reserve	210,337	(221,527)
Total equity	**(1,176,121)**	**15,772,002**
Loss for the year	**(19,168,479)**	**(637,614)**
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	**(19,168,479)**	**(637,614)**

23. Auditors' Remuneration

	Consolidated	
	2017 $US	**2016 $US**
Amounts paid/payable to Grant Thornton Audit Pty Ltd		
Audit and other assurance services		
- Auditing or reviewing the financial report	41,305	53,414
Total	**41,305**	**53,414**

24. Capital & Leasing Commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	Consolidated	
	2017 $US	**2016 $US**
Payable - minimum lease payments		
- not later than 12 months	67,531	137,283
- between 12 months and 5 years	48,094	106,994
Total	**115,625**	**244,277**

(b) Capital commitments

There were no capital commitments at 30 June 2017 (2016: Nil).

(c) Termination commitments

There were no termination commitments at 30 June 2017 (2016: Nil).

manalto
SOCIAL MEDIA MANAGEMENT TOOL

25. Segment Reporting

The following details information related to the geographical segment reporting for the year ended 30 June 2017. The Group only operates in one business segment, being the development and commercialisation of social media management technology. The geographical segments are monitored by the Group's chief operating decision maker. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

30 June 2017	Australia	USA	Ireland	South Africa	Netherlands	Total
Total segment external income	33,545	81,260	-	-	-	114,805
Total segment interest	-	50	-	-	-	50
Total segment expenses	(3,542,776)	(1,734,356)	(105,594)	(1,007,927)	(106,418)	(6,497,071)
Total segment loss	(3,509,232)	(1,653,046)	(105,594)	(1,007,927)	(106,418)	(6,382,216)
Total deferred tax assets	-	-	-	-	-	-
Total segment current assets	549,475	187,476	615	72,134	-	809,700
Total segment non-current assets	-	13,616	-	55,799	-	69,415

The following details information related to the geographical segment reporting for the year ended 30 June 2016.

30 June 2016	Australia	USA	Ireland	South Africa	Netherlands	Total
Total segment external income	1,973	115,979	-	-	-	117,952
Total segment interest	16	54	-	-	-	70
Total segment expenses	(693,603)	(2,581,524)	(52,785)	(174,062)	(42,164)	(3,490,138)
Total segment loss	(637,614)	(2,465,491)	(52,785)	(174,062)	(42,164)	(3,372,116)
Total deferred tax assets	187,562	174,722	-	-	-	362,284
Total segment current assets	743,377	665,274	2,452	32,662	38	1,443,803
Total segment non-current assets	187,563	1,532,556	-	192,327	-	1,912,444

26. Controlled Entities

All controlled entities are included in the annual financial report.

Name of subsidiary	Country of Incorporation	Ownership interest held by the Group 30 June 2017	30 June 2016
Manalto, Inc.	United States	100%	100%
Sóshlr Pty Ltd	Australia	100%	100%
Sóshlr South Africa (Pty) Ltd	South Africa	100%	100%
Sóshlr Limited	Ireland	100%	100%
Sóshlr B.V.	Netherlands	100%	100%

Voting power in these entities is in proportion to ownership interest. All interests are in the ordinary shares of the subsidiaries.

27. Contingent Liabilities and Contingent Assets

The Board of Directors are not aware of any commitments or contingent liabilities, which required disclosure in the annual financial report.

28. Events Subsequent to Reporting Date

On 20 April 2017, the Group announced the proposed acquisition of Bambu Digital Pty Ltd (and its group entities) ("Bambu"). The consideration payable by the Group to Bambu and/or Bambu shareholders (being entities associated with Mr. Jim McKerlie, the Group's former Executive Chairman) is to be satisfied through the issue of 100,000,000 fully paid ordinary shares and a total of 150,000,000 performance shares convertible into fully paid ordinary shares upon the achievement of certain milestones, as detailed in ASX announcement on 20 April 2017. On 15 September 2017, the Group announced a mutual agreement not to proceed with the Group's acquisition of Bambu.

On 15 September 2017 Messrs Clee, Ellingford and Wilson were appointed a directors of the Company, replacing Messrs McKerlie, Gardner and Quinert.

On 4 October 2017, the Company announced that EverBlu Capital ("Everblu") has committed to the short-term funding of the Company. Everblu have committed in writing to filling a A$550,000 equity capital raise from the Chairman's List which has now been completed. Furthermore, EverBlu has committed to a minimum of A$1.5m to support the short-term funding of the Company in order to ensure the Company can pay debts as they fall due, as well as providing longer term support in follow up capital raises. While the size and pricing of this future raise are not yet decided, it is EverBlu's current intention that the amount will not be less than A$1.5m and up to A$3m.

The Company was involved in an employee litigation matter that was brought against the Group during the financial year ended 30 June 2017. The matter was settled during July 2017 and no such proceedings are ongoing.

There has not arisen in the interval between the year ended 30 June 2017 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors' of the Company, to materially affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future reporting periods.

29. Company Details

The Registered Office and principal place of business of the company is:

Manalto Limited
Level 11, London House
216 St Georges Tce
Perth WA 6000

DIRECTOR DECLARATION

1. In the Directors' opinion:

   (a) The financial statements and notes set out on Pages 22 to 44 are in accordance with the *Corporations Act 2001,* including:
      i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
      ii. Giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

   (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

2. The audited remuneration disclosures set out in Sections 14 of the Directors Report (as part of the Remuneration Report), for the year ended 30 June 2017, comply with Section 300A of the *Corporations Act 2001* and the *Corporations Regulations 2001*; and the notes to the financial statements include an explicit and unreserved statement of compliance with International Financial Reporting Standards.

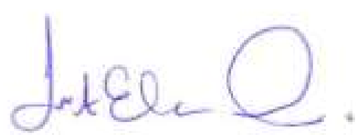
3. The notes to the financial statements include an explicit and unreserved statement of compliance with *International Financial Reporting Standards.*

4. The Directors have been given the declarations by the Non-executive Chairman and Executive Director required by section 295A of the *Corporations Act 2001.*

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

Terence Clee
Non-Executive Chairman
Melbourne

30 October 2017



James Ellingford
Executive Director
Melbourne

30 October 2017

Grant Thornton

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Auditor's Independence Declaration
to the Directors of Manalto Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Manalto Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner - Audit & Assurance

Perth, 30 October 2017

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Independent Auditor's Report to the Members of Manalto Limited

Report on the audit of the financial report

Opinion

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

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

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1b in the financial statements, which indicates that the Group incurred a net loss of $6,744,500 during the year ended 30 June 2017, and as of that date, the Group's current liabilities exceeded its total assets by $1,558,402. As stated in Note 1b, these events or conditions, along with other matters as set forth in Note 1b, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 current period. 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Convertible Notes – Note 12	
During December 2016, the Group placed 1,035,000 unsecured convertible loan notes each with a face value of AUD $1.00 to raise a total of $1,035,000 AUD under a new capital raising program (Tranche 1). These notes have an interest rate of 15%, a term of 12 months and are convertible at the option of the holder at 4 cents per share. Additionally, the holder of the note was issued 25 options for each $1 note subscribed. At 30 June 2017, all notes had been converted by the holders into capital equity. A second round of 425,000 unsecured convertible notes was placed in April 2017 with the same key Terms as Tranche 1 with the exception of an additional issuance of 20 shares for every AUD $1.00 note subscribed. All notes are outstanding at 30 June 2017. A third round of 1,537,115 unsecured convertible notes was placed in June 2017 with a face value of AUD $1.00 each. These notes have an interest rate of 0%, a term of 8 weeks and are convertible at the option of the holder at 1.1 cents per share. There was no issuance of any additional options or shares. All notes are outstanding at 30 June 2017. All rounds of convertible notes have both a financial liability and an equity component and as such are considered to be compound financial instruments. This area is a key audit matter due to the complexity and significant management judgement involved in determining the appropriate accounting treatment as well as performing the valuation in accordance AASB 132.	Our procedures included, amongst others: • Reviewing the convertible note agreements to ensure appropriate classification as either debt or equity in accordance with accounting standards; • Verifying capital raised to bank statements; • Obtaining managements valuation of the convertible notes, checking mathematical accuracy and ensuring appropriateness of both debt and equity components; • Reviewing the reasonableness of key assumptions utilised within the valuation; • Checking the calculation of interest accruals; • Examining management's determination of the classification between current and non-current; and • Reviewing the adequacy of the disclosures in the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our 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.

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 this 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 Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the 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 Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion 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.

In our opinion, the Remuneration Report of Manalto Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 30 October 2017

ASX OTHER REQUIRED INFORMATION

1. SHAREHOLDINGS

(a) RANGE OF SHARES ISSUED - AS AT 27 OCTOBER 2017

Range	Total holders		Units	% of Issued Capital
1 - 1,000	1,264		115,400	0.03%
1,001 - 5,000	86		210,024	0.06%
5,001 - 10,000	29		251,359	0.07%
10,001 - 100,000	170		7,539,019	2.02%
100,001 - 999,999,999	213		364,272,829	97.82%
1,000,000,000 - 9,999,999,999	-		-	-
Rounding	-		-	-
Total	**1,762**		**372,388,631**	**100.00%**
Unmarketable Parcels	**1,516**		**5,000,439**	
Minimum $ 500.00 parcel at $ 0.0070 per unit	1,516	71,429	5,000,439	

(b) TOP 20 SHAREHOLDERS – AS AT 27 OCTOBER 2017

Rank	Name	Units	% of Units
1	ANGLO MENDA PTY LTD	26,447,858	7.10%
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	18,851,554	5.06%
3	AUSTRALIAN SHARE NOMINEES PTY LTD	18,522,727	4.97%
4	LSAF HOLDINGS PTY LTD	16,925,000	4.54%
5	ECA VENTURES	13,461,731	3.61%
6	STOCK ASSIST GROUP PTY LTD	12,646,179	3.40%
7	SUBURBAN HOLDINGS PTY LTD	9,477,273	2.54%
8	GLENLUCE PROPERTIES PTY LTD	9,090,909	2.44%
9	JINDABYNE CAPITAL PTY LTD	9,090,909	2.44%
10	MR JOHN CARTHEW WILLIAM BURSTON	6,816,559	1.83%
11	CELTIC CAPITAL PTY LTD	6,318,182	1.70%
12	BODIE INVESTMENTS PTY LTD	6,302,238	1.69%
13	MRS MELANIE VERHEGGEN	6,200,000	1.66%
14	ASENNA WEALTH SOLUTIONS PTY LTD	5,978,623	1.61%
15	STOCK ASSIST GROUP PTY LTD	5,973,254	1.60%
16	FAIRBORN HOLDINGS PTY LTD	5,882,386	1.58%
17	MR PETER BARRETT CAPP	5,000,000	1.34%
18	MR SCOTT GEOFFREY PLOWMAN	4,988,636	1.34%
19	IJ COM PTY LTD	4,896,548	1.31%
20	CHIFLEY PORTFOLIOS PTY LTD	4,738,636	1.27%
Totals: Top 20 holders of ISSUED CAPITAL		**197,609,202**	**53.07%**
Total Remaining Holders Balance		**174,779,429**	**46.93%**

2. Voting Rights

Shareholders are entitled to one vote for each share held. On a show of hands every shareholder presents in person or by proxy shall have one vote and upon a poll, every shareholder so present shall have one vote for every share held.

3. Unlisted Option Holdings

DISTRIBUTION OF OPTION HOLDERS AS AT 27 OCTOBER 2017

(a) Options 2 - $A0.25 on or before 11 March 2020

Range	Total holders	Options held	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 999,999,999	2	4,550,000	100%
Totals	**2**	**4,550,000**	**100%**

Holder of 20% or more:

Anthony Owen	3,100,000
Megan Owen	1,450,000

(b) Options 3 - $A0.25 on or before 11 March 2018

Range	Total holders	Options held	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 999,999,999	4	2,250,000	100%
Totals	**4**	**2,250,000**	**100%**

Holder of 20% or more:

Chris Adams	500,000
Gleneagle Securities Nom.	750,000
LSAF Holdings Pty Ltd	750,000

(c) Options 4 - $A0.30 on or before 15 December 2020

Range	Total holders	Options held	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	1	100,000	6%
100,001 - 999,999,999	2	1,168,151	94%
Totals	**3**	**1,268,151**	**100%**

Holder of 20% or more:

D & F Fletcher Super Pty Ltd	1,000,000

(d) Options 5 - $A0.20 on or before 29 February 2020

Range	Total holders	Options held	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	14	731,267	6%
100,001 - 999,999,999	9	12,245,271	94%
Totals	**23**	**12,976,538**	**100%**

Holder of 20% or more:

Anthony Owen 8,295,233

(e) Options 6 - $A0.25 on or before 29 February 2020

Range	Total holders	Options held	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	3	15,000	1%
10,001 - 100,000	4	87,089	4%
100,001 - 999,999,999	3	1,933,082	95%
Totals	**10**	**2,035,171**	**100%**

Holder of 20% or more:

Anthony Owen 1,500,000

(f) Options 7 - $A0.07 on or before 19 January 2018

Range	Total holders	Options held	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 999,999,999	14	25,875,000	100%
Totals	**14**	**25,875,000**	**100%**

Holder of 20% or more:

- -

(g) Options 8 - $A0.07 on or before 19 January 2020

Range	Total holders	Options held	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 999,999,999	5	5,250,000	100%
Totals	**5**	**5,250,000**	**100%**

Holder of 20% or more:

Anthony Owen 1,500,000

Glenluce Properties Pty Ltd 1,500,000

4. Substantial shareholders

The securities held by substantial shareholders are as follows:

Name:	Number of shares:	%
ANGLO MENDA PTY LTD	26,447,858	7.10%
J P MORGAN NOMINEES AUSTRALIA LIMITED	18,851,554	5.06%

CORPORATE DIRECTORY

DIRECTORS
Terence Clee
James Ellingford
Tim Wilson

COMPANY SECRETARY
Elizabeth Hunt

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