31 August 2017

ENZUMO LIMITED (ENZ) – APPENDIX 4E AND ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2017

ENZUMO LIMITED
ASX Code: ENZ

BOARD & EXECUTIVES

Niall Cairns
NON-EXECUTIVE CHAIRMAN

Phillip Carter
NON-EXECUTIVE DIRECTOR

Warren Chant
EXECUTIVE DIRECTOR
JOINT CEO

Andrea West
EXECUTIVE DIRECTOR
JOINT CEO

Cameron Stone
COMPANY SECRETARY

HIGHLIGHTS

- Group revenue for the year was $7.6 million (FY16: $8.7 million assuming a full year of Chant West).
- The Group incurred a pre-tax loss of $4.2 million (FY16: $2.4 million) that included three large non-operational amounts totalling $3.6 million giving an operating pre-tax loss of $0.6 million (FY16: $0.3 million assuming a full year of Chant West).
- Segmented operating loss was $0.6 million comprising a Chant West profit of $1.2 million, an Enzumo loss of $1.2 million and corporate expenses of $0.6 million.
- Segmented EBITDA loss was $0.3 million comprising Chant West profit of $1.5 million, an Enzumo loss of $1.2 million and corporate costs of $0.6 million.
- Enzumo's software development project was discontinued and fully impaired in financial accounts.
- The Enzumo business was restructured and is expected to at least break even in FY18.
- Enzumo founders left the business and Warren Chant and Andre West were appointed joint Group CEOs in February 2017, with Andrea joining the Board.
- An Investor Presentation released to the ASX today provides investors with a more comprehensive analysis of the operating and financial results for FY17 and Group strategy going forward over the next three years.

SUMMARY COMMENTS ON FY17

The Board acknowledges that the 2017 financial year was a disappointing one for the Group and its shareholders. The strategy to develop Enzumo into a high growth fintech company did not materialise and the costs of the now-discontinued software development project resulted in operating losses, despite a solid contribution from the Chant West business. The share price has fallen, resulting in a material loss of shareholder wealth.

The Group's future lies in developing strategies that will deliver shareholders solid growth in profitability and, ultimately, increase shareholder wealth. The Board has developed a strategic plan that addresses these strategies.

Since their appointment in February 2017 as joint Group CEOs, Warren Chant and Andrea West have focused on:

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- Assessing the business case for the Enzumo software development project which, in June, the Board decided to discontinue;
- Retaining the support of an important institutional client that resulted in it moving off Enzumo's enhanced elearning management system and reverting to the original system;
- Developing a strategy for the next three years to achieve a strong level of growth for the Group; and
- Ensuring the Group has appropriate resources at the Board and management levels to pursue its growth strategy.

The Board is grateful for the dedication with which Warren and Andrea have approached this challenging task. It has not been easy, but the Group is now on a much more stable financial footing and is well placed to embark on the next stage of its development.

FINANCIAL RESULTS FOR FY17

Group revenue for the year was $8.7 million, including a refund of $1.1 million from the Federal Government's R&D tax incentive programme. With this amount removed, Group revenue was $7.6 million. It comprised Chant West revenue of $5.7 million and Enzumo revenue of $1.9 million.

The Group made an after tax loss of $4.2 million for the year. This result included three substantial non-operational amounts: the $3.8 million impairment of the Enzumo software development project; a $0.9 million amortisation of the Chant West acquisition cost; and $1.1 million in revenue from the Federal Government's R&D tax incentive programme. With these amounts removed, the Group operating loss was $0.6 million. This comprised a Chant West profit of $1.2 million, an Enzumo loss of $1.2 million and corporate expenses of $0.6 million.

OUTLOOK

In the current 2018 financial year, Chant West is expected to operate at a similar level of profitability to FY17. Enzumo is expected to operate at a breakeven level following significant staff reductions and the discontinuation of the software development project. Corporate expenses are expected to be at a similar level. Overall, the Group is expected to operate profitably.

FOR FURTHER INFORMATION PLEASE CONTACT:

Warren Chant/Andrea West
Joint CEOs
P: 02 9361 1400

Niall Cairns
Non-Executive Chairman
M: +61 418 410 306

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ENZUMO LIMITED – BUSINESS OVERVIEW

Enzumo Limited (the Group, ASX: ENZ) is a leading provider of research, consulting and software services to the superannuation and financial planning industries. It comprises two core businesses – Chant West and Enzumo.

Chant West is a respected superannuation research and consultancy business that has operated for over 20 years. Its research is integrated into proprietary software tools that help industry professionals compare products and financial planners advise their clients on superannuation matters. Clients include major financial institutions, retail and non-profit superannuation funds, asset consulting firms and financial planning dealer groups. About 85% of revenue is subscription based and 15% comes from consultancy services.

Enzumo's core business conducts in-depth analysis of financial planning businesses and creates tailored technology solutions to help them operate more efficiently and compliantly. Its services typically involve configuring and customising XPLAN software to meet a firm's specific business needs. This includes creating customised templates for fact finds, statements of advice, annual reviews and business workflows. Enzumo also offers e-learning management systems, which are cloud-based, interactive, instructional guides to help advisers optimise their use of XPLAN and Enzumo's advice technology products. About 60% of Enzumo's revenue is subscription based and 40% comes from consultancy services.

Overall, the Group's clients include the majority of Australia's leading superannuation funds, institutional wealth managers and financial planning dealer groups. More than 8,000 financial planners have access to our services.

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ENZUMO LIMITED
& ITS CONTROLLED ENTITIES
ACN 119 383 578

RESULTS FOR ANNOUNCEMENT TO THE MARKET
ASX APPENDIX 4E AND ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

1. REPORTING PERIOD

Current Reporting Year - For the year ended 30 June 2017
Previous Reporting Year - For the year ended 30 June 2016

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	June 2017 ($)	**June 2016 ($)**	**Change ($)**	**Change (%)**
Total revenue and other income	8,763,092	6,578,129	2,184,963	33
(Loss) from ordinary activities after tax attributable to members	(4,252,165)	(1,397,748)	(2,854,417)	204
Net (loss) after tax for the year attributable to members	(4,252,165)	(1,397,748)	(2,854,417)	204

Earnings Per Share	**June 2017**	**June 2016**
Basic earnings per share (cents)	(4.50)	(1.85)
Diluted earnings per share (cents)	(4.50)	(1.85)

Net Tangible Asset Backing	**June 2017**	**June 2016**
Net tangible assets per share (cents)	(1.3)	1.1

3. FINANCIAL RESULTS

This report should also be read in conjunction with any public announcements made by Enzumo Limited in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

4. DIVIDENDS

The Company is not intending to pay a dividend in relation to the financial year ended 30 June 2017.

5. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME WITH NOTES

Refer to the Annual Report 2017.

6. STATEMENT OF FINANCIAL POSITION WITH NOTES

Refer to the Annual Report 2017.

7. STATEMENT OF CHANGES IN EQUITY

Refer to the Annual Report 2017.

8. STATEMENT OF CASH FLOWS

Refer to the Annual Report 2017.

9. SEGMENT RESULTS

Refer to Annual Report 2017 in Note 29 ‘Segment Reporting’.

10. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST

The consolidated entity did not gain or lose control over any entities during the year ended 30 June 2017.

11. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The consolidated entity had no associates or joint venture entities during the year ended 30 June 2017.

12. OTHER FACTORS

Refer to the Annual Report 2017.

13. STATUS OF AUDIT AND DESCRIPTION OF LIKELY DISPUTES OR QUALIFICATIONS

The Annual Report has been audited. No matters have arisen which would result in a dispute or qualification.

ANNUAL REPORT

2017

ENZUMO LIMITED & ITS CONTROLLED ENTITIES

ABN 62 119 383 578

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

ENZUMO™

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CORPORATE DIRECTORY

Enzumo Limited ("the Company") is a public company limited by shares which are listed on the Australian Securities Exchange (ASX: ENZ), registered (ABN 62 119 383 578) and domiciled in Australia.

REGISTERED OFFICE:

Suite 319
5 Lime Street
SYDNEY NSW 2000

PRINCIPAL PLACES OF BUSINESS:

47 Albion Street
Surry Hills
SYDNEY NSW 2010

10 Edmondstone Road
Bowen Hills
BRISBANE QLD 4006

Chant West

ENZUMO™

LETTER FROM THE CHAIRMAN AND JOINT CEOs

On behalf of the Board, we present the Enzumo Limited Annual Report for the year ended 30 June 2017.

The Board acknowledges that the 2017 financial year was a disappointing one for the Group and its shareholders. While Chant West operated profitably and in line with expectations, the strategy to develop Enzumo into a high growth fintech company based on a new software platform did not materialise, and unforeseen costs were incurred in the process.

What follows is a brief explanation of the issues we encountered during the year within the Enzumo operating business, together with the steps we have taken to stabilise that business and build a solid base for the Group's future growth.

ORIGINAL ENZUMO STRATEGY

When Enzumo was listed in May 2015, the strategy was to further develop its core business and develop a new, enterprise-grade software platform initially delivering two new modules – an enhanced e-learning management system (eLMS) and a dealer group compliance module. These were regarded as important products that would find a ready market in the financial planning industry, potentially, including large institutional dealer groups. Other modules were planned to follow in the ensuing years. These new products were expected to diversify Enzumo's product suite, increase its level of recurring income and drive future growth.

The enhanced eLMS module was expected to be completed by June 2016 and the compliance module by December 2016. In early 2016, Enzumo expanded its business development and client support teams in anticipation of having these new products available to market later in the year.

By the end of February 2017, the software project had experienced considerable cost over-runs and time delays. The enhanced eLMS was substantially completed but work had not begun on the compliance module.

Effective 24 February, Andrew Rawlinson resigned as Group CEO and as a director. Warren Chant and Andrea West were appointed joint Group CEOs, with Andrea joining the Board. Also, we advised the market that Stephen and Lyn Bell, the Enzumo founders, would be leaving the business.

In March, the institutional client piloting the enhanced eLMS advised that, unless certain conditions were met, it would terminate its Agreement for this work. In May, we advised the market that the Agreement was terminated on mutually agreeable terms. Importantly, the client was retained and it reverted to the original eLMS service and continued to pay the same level of fees.

Warren and Andrea undertook a three month review of Enzumo's software development project and the Group's growth strategy. In June, they presented their findings to the Board and a decision was made to discontinue the software project. The main reason was that it lacked institutional client support, which made it difficult to produce a sound business case for further investment. Reflecting this situation, the Board decided to impair the full amount of $3.8 million invested in the project.

The Enzumo business has incurred pre-tax losses of about $2.1 million in the past 18 months. This was mainly due to the build-up in the company's resources to meet the expected increase in sales from the new software modules which, unfortunately, did not eventuate.

FINANCIAL RESULTS

The Group made an after tax loss of $4.2 million for the year. This result included three substantial non-operational amounts: the $3.8 million impairment of the Enzumo software development project; a $0.9 million amortisation of the Chant West acquisition cost; and $1.1 million in revenue from the Federal Government's R&D tax incentive programme. With these amounts removed, the Group operating loss was $0.6 million. This comprised a Chant West profit of $1.2 million, an Enzumo loss of $1.2 million and corporate expenses of $0.6 million.

Group revenue for the year was $8.7 million, including the R&D refund of $1.1 million. With this amount removed, Group revenue was $7.6 million. It comprised Chant West revenue of $5.7 million and Enzumo revenue of $1.9 million.

GROWTH STRATEGY

The Group now comprises two core businesses – Chant West and Enzumo – that are well established in their respective markets. Chant West is a respected superannuation research and consultancy firm that has operated profitably for over 20 years. Enzumo has reverted to its core business, which involves configuring and customising XPLAN software for financial planning groups. Enzumo also continues to offer its original e-learning management system.

Both operating businesses generate substantial proportions of recurring revenue – about 85% in the case of Chant West and about 60% in the case of Enzumo. At the Group level, recurring revenue is now about 80% of total revenue. This relatively predictable income stream does provide a solid foundation on which to build, and management is focused on identifying growth opportunities to add to the mix.

Over the past two months, the Group executive conducted an extensive review to identify growth strategies for the next three years. It identified some exciting opportunities that, if fulfilled, should lift the Group's overall growth rate in the medium and longer term.

Meanwhile in the current 2018 financial year, Chant West is expected to operate at a similar level of profitability to FY17. Enzumo is expected to operate at a breakeven level following significant staff reductions and the discontinuation of the software development project. Corporate expenses are expected to be at a similar level. Overall, the Group is expected to operate profitably.

Finally, the directors and executives would like to thank the Group's employees, clients and shareholders for their continuing support.

Yours sincerely,

Warren Chant / Andrea West
Joint CEOs

Niall Cairns
Non-Executive Chairman

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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DIRECTORS' REPORT
30 JUNE 2017

The directors of Enzumo Limited present their report of the Company and its controlled entities ("the Group" or "consolidated entity") for the year ended 30 June 2017. The directors report as follows:

1. DIRECTORS

The following persons were directors of the Company during the whole of the year and up to and including the date of this report, unless otherwise indicated:

Niall Cairns (Non-Executive Chairman)

Phillip Carter (Non-Executive Director)

Warren Chant (Executive Director)

Andrea West (Executive Director, appointed 24 February 2017)

Andrew Rawlinson (Executive Director, resigned 24 February 2017)

2. PRINCIPAL ACTIVITIES

The Group is a leading provider of research, consulting and software services to the superannuation and financial planning industries. It comprises two core businesses – Chant West and Enzumo.

Chant West is a respected superannuation research and consultancy business that has operated for over 20 years. Its research is integrated into proprietary software tools that help industry professionals compare products and financial planners advise their clients on superannuation matters. Clients include major financial institutions, retail and non-profit superannuation funds, asset consulting firms and financial planning dealer groups. About 85% of revenue is subscription based, and 15% comes from consultancy services.

Enzumo conducts in-depth analysis of financial planning businesses and creates tailored technology solutions to help them operate more efficiently and compliantly. Its services involve configuring XPLAN financial planning software to meet a firm's specific business needs. Typically this includes creating customised templates for fact finds, statements of advice, annual reviews and business workflows. Enzumo also offers e-learning management systems. These are cloud-based, interactive, instructional guides to help advisers optimise their use of XPLAN and Enzumo's add-on products.

Overall, the Group's clients include the majority of Australia's leading superannuation funds, institutional wealth managers and financial planning dealer groups. More than 8,000 financial planners have access to its services.

3. OPERATING AND FINANCIAL REVIEW

The Group made an after tax loss of $4,252,165 for the year (2016: loss of $1,397,748, which includes only seven months' profit from Chant West). The loss included three substantial non-operational amounts: (i) $3,842,608 impairment of the Enzumo software development project, which represents a full write down of the project; (ii) $929,300 amortisation of the acquisition cost of Chant West; and (iii) $1,108,869 of R&D revenue (net of costs of $65,000). With these amounts removed, the Group operating loss was $589,126 comprised a Chant West profit of $1,268,146, an Enzumo loss of $1,229,350 and Corporate expenses of $627,922.

Group revenue for the year was $8,763,092 (2016: $6,578,129, which includes only seven months' revenue from Chant West). This included R&D revenue of $1,173,869, which includes associated interest of $5,886 that is non-operational. With this amount removed, Group revenue was $7,589,223. It comprised Chant West revenue of $5,652,267, Enzumo revenue of $1,936,926, and Corporate revenue of $30.

Chant West revenue was lower than expected by about 9%, but this was more than offset by lower than expected operating costs. The net result was an operating profit that was in line with expectations.

Enzumo's revenue was significantly lower than expected, which was partially offset by lower than expected operating costs. The net result was a higher than expected operating loss. This was mainly due to certain costs being expensed rather than capitalised once the Enzumo software development project was discontinued.

Going forward, Chant West is expected to operate at a similar level of profitability. Enzumo is expected to operate at a breakeven level following significant staff reductions and the cessation of the software development project. Corporate costs are expected to fall slightly. Overall, the Group is expected to operate profitably in FY18.

DIRECTORS' REPORT
30 JUNE 2017

4. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes occurred during the year:

The three Enzumo founders left the Group, which included the resignation of the Group CEO, Andrew Rawlinson, in February. Warren Chant and Andrea West were appointed joint Group CEOs at that time, and Andrea was appointed to the Board (subject to shareholder approval at the next AGM). They undertook a three month review of the Enzumo software development project and the Group's growth strategy. In June, they presented their findings to the Board and a decision was made to discontinue the software project. Their focus is now on identifying growth opportunities for both the Chant West and Enzumo businesses.

5. DIVIDENDS

No dividends have been paid or declared for the year ended 30 June 2017.

6. EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

7. LIKELY DEVELOPMENTS AND PROSPECTS

The Group will continue to develop and sell its suite of research, consultancy services and software solutions for the superannuation and financial planning industries.

8. ENVIRONMENTAL REGULATIONS

The Group operations are not regulated by any significant environmental regulation under Australian Commonwealth or State law.

9. PROCEEDINGS ON BEHALF OF THE COMPANY

At the date of this report and during the year ended 30 June 2017, there were no leave applications or proceedings brought on behalf of the Company under section 237 of the Corporations Act 2001.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

DIRECTORS' REPORT

30 JUNE 2017

10. CURRENT DIRECTORS

The names and details of the Company's directors in the office during the financial year and until the date of this report are provided below:

Name	**Mr Niall Cairns**
Position	Non-Executive Chairman
Qualifications	BEcon, ACA, FAICD
First Appointed	23 April 2012
Age	53
Experience	Niall is a joint managing director and co-founder of Kestrel Capital Pty Ltd, a Sydney-based private equity manager focused on growth companies with global opportunities in the resources, IT, niche manufacturing and services sectors. As an experienced growth company investor and developer, Niall has over 25 years of direct seed, private equity and listed company experience. In 1993, Niall co-founded Kestrel Capital. Since then, he has raised six funds, led the investments and been a director of companies such as Australian Helicopters, Gale Pacific (AVCAL award winner), Intrapower and Tru-Test.
Special Responsibilities	Member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee
Directorships in listed entities (or their manager where a listed trust)	ComOps Limited
Former directorships in listed entities (in the last 3 years)	Nil
Relevant Interests in shares and options	15,432,159 fully paid ordinary shares and 1,500,000 options.

Name	**Dr Phillip Carter**
Position	Non-Executive Director
Qualifications	PhD, MAppFin, BEng, IMC(UK), SFFin, FAICD
First Appointed	22 June 2012
Age	47
Experience	Phillip is a joint managing director of Kestrel Capital Pty Ltd, a Sydney-based private equity manager focused on growth companies with global opportunities in the resources, IT, niche manufacturing and services sectors. Phillip has extensive experience developing and financing technology rich companies in Australia, Europe and the USA. Previously, Phillip headed a leading UK management consulting and investment practice and managed the InterTechnology Fund, recognised by the EVCA as one of the most active development capital funds in Europe.
Special Responsibilities	Chairman of the Audit and Risk Management Committee and the Nomination and Remuneration Committee
Directorships in listed entities (or their manager where a listed trust)	ComOps Limited
Former directorships in listed entities (in the last 3 years)	Nil
Relevant Interests in shares and options	9,793,344 fully paid ordinary shares and 1,500,000 options.

DIRECTORS' REPORT

30 JUNE 2017

10. CURRENT DIRECTORS (CONTINUED)

Name	**Ms Andrea West**
Position	Executive Director, Joint Chief Executive Officer
Qualifications	BBus
First Appointed	24 February 2017
Age	56
Experience	Andrea is a co-founder of Chant West, which was established to provide independent research on super funds to companies, financial planners and fund members. She is responsible for Group strategy, product development, client service and marketing. With over 30 years' experience in product, client services and marketing roles in the financial services industry, Andrea has a strong knowledge of the superannuation and financial services industries. Prior to joining Chant West, Andrea held senior marketing roles at BT and SBC Australian Funds Management.
Special Responsibilities	Nil
Directorships in listed entities (or their manager where a listed trust)	Nil
Former directorships in listed entities (in the last 3 years)	Nil
Relevant Interests in shares and options	3,680,000 fully paid ordinary shares
Name	**Mr Warren Chant**
Position	Executive Director, Joint Chief Executive Officer
Qualifications	BCom, MBA
First Appointed	23 December 2015
Age	66
Experience	With over 40 years' experience in accountancy, investment banking and funds management, Warren has an intimate knowledge of the superannuation and financial services industries. Prior to establishing Chant West in early 1997, Warren had held senior executive positions with retail superannuation fund manager Connelly Temple, wholesale fund manager SBC Australia Funds Management, and leading investment banks Dominguez Barry Samuel Montagu and Capel Court. Warren established Chant West to provide independent research on super funds to companies, financial planners and fund members.
Special Responsibilities	Acting finance director from 31 March 2016. Audit and Risk Management Committee
Directorships in listed entities (or their manager where a listed trust)	Nil
Former directorships in listed entities (in the last 3 years)	Nil
Relevant Interests in shares and options	3,680,000 fully paid ordinary shares

DIRECTORS' REPORT

30 JUNE 2017

11. COMPANY SECRETARY

Name	**Mr Cameron Stone**
Position	Company Secretary
Qualifications	BCom, CA
First Appointed	1 January 2017
Experience	Cameron has experience in providing business advisory, accounting, taxation and corporate governance services in a range of industries including retail, manufacturing, financial services and high net worth individuals. Cameron is a Chartered Accountant, a member of the Tax Exam Setting Panel for the Chartered Accountants Program and member of the Walker Wayland Australasia Tax Committee.

12. MEETINGS OF DIRECTORS

The following table sets out the number of Director and Committee meetings of the Company held during the financial year and the number of meetings attended by each Director.

	Board of Directors		Audit & Risk Management Committee		Nomination & Remuneration Committee (i,ii)	
	Held	Attended	Held	Attended	Held	Attended
Niall Cairns	13	13	1	1	-	-
Phillip Carter	13	13	1	1	-	-
Warren Chant	13	13	1	1	-	-
Andrew Rawlinson	9	9	1	1	-	-
Andrea West	5	5	-	-	-	-

(i) Although the Company has a duly constituted Nomination and Remuneration Committee, the business of this committee was conducted through the board of the Company during the period.

13. INDEMNIFYING OFFICERS AND AUDITOR

During the financial year, the Company paid for an insurance premium in respect of a contract insuring the Directors of the Company, the Company Secretary, and all officers of the Company and its controlled entities against a liability incurred as such as Director, secretary or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company will indemnify each Director to the extent permitted by the Corporations Act 2001 against liabilities arising as a result of the person acting as a Director of the Company. The Company will be required to maintain insurance policies for the benefit of the relevant Director for the term of the appointment and for a period of seven years after retirement or resignation.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify a Director or officer of the Company or its controlled entities against a liability incurred.

The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred.

DIRECTORS' REPORT

30 JUNE 2017

14. REMUNERATION REPORT (AUDITED)

The Remuneration Report, which forms part of the Directors' report, sets out information about the remuneration of the Company's Directors and its executive management for the financial year ended 30 June 2017.

The term senior management is used in this remuneration report to refer to the following persons:

Name	Position	Date Appointed / Resigned
Warren Chant	Executive Director – Joint Chief Executive Officer	Appointed 23 December 2015
Andrea West	Executive Director – Joint Chief Executive Officer	Appointed 24 February 2017
Niall Cairns	Non-Executive Director	Appointed 23 April 2012
Phillip Carter	Non- Executive Director	Appointed 22 June 2012
Andrew Rawlinson	Executive Director – Chief Executive Officer	Resigned 24 February 2017
Stephen Bell	Head of Innovation – Enzumo	Left 21 May 2017
Lyn Bell	General Manager Operations – Enzumo	Left 3 March 2017
Wayne Longbottom	Company Secretary	Resigned 31 December 2016

Remuneration Policy

It is the Company's goal to promote excellence at Board level and in staff members. To this end, it seeks to engage the services of individuals with the requisite experience and competencies to assist the Company to achieve its strategic objectives.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is agreed by the Board of Directors as a whole after review and recommendation by the external remuneration consultant. The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated Directors, key executives and employees who can enhance Company performance through their contributions and leadership.

Non-executive director remuneration

Non-Executive Directors fees are paid within an aggregate limit which is approved by the shareholders from time to time. The limit of Non-Executive Director fees is set at a maximum of $250,000. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act 2001 at the time of the Directors retirement or termination. Non-Executive Directors remuneration may include an incentive portion consisting of bonuses, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the amount of Directors fees being paid by comparable companies with similar responsibilities and the experience of the Directors when undertaking the annual review process.

Senior management remuneration

In determining the level and composition of senior management remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable senior management roles. Remuneration consists of a mix of fixed and variable remuneration and performance incentive rewards as appropriate. To this end, the Company's remuneration framework seeks to align with shareholders interest.

DIRECTORS' REPORT

30 JUNE 2017

14. REMUNERATION REPORT (AUDITED) (CONTINUED)

Details regarding components of director and senior management remuneration are provided below

Table of Benefits and Payments for the Year Ended 30 June 2017

	Short-term Benefits				Post-employment	Equity - based compensation		
	Cash salary and fees	Cash bonus	Non-monetary benefits	Consultancy	Superannuation	Options	Total	% of Perform Based Rem
	$	$	$	$	$	$	$	$
Executive Directors								
Warren Chant	263,214	50,000	-	-	25,005	-	338,219	-
Andrea West	263,214	50,000	-	-	25,005	-	338,219	-
Andrew Rawlinson (i)	240,000	-	-	-	-	-	240,000	-
Non-Executive Directors								
Niall Cairns	60,000	-	-	-	-	-	60,000	-
Phillip Carter	48,000	-	-	-	-	-	48,000	-
Other Key Management Personnel								
Stephen Bell (ii)	216,620	-	-	-	-	-	216,620	-
Lyn Bell (iii)	160,000	-	-	-	-	-	160,000	-
Wayne Longbottom (iv)	24,000	-	-	-	-	-	24,000	-
	1,275,048	100,000	-	-	50,010	-	1,425,058	-

(i) Resigned 24 February 2017

(ii) Left 21 May 2017

(iii) Left 3 March 2017

(iv) Resigned 31 December 2016

Table of Benefits and Payments for the Year Ended 30 June 2016

	Short-term Benefits				PFterminatesost-employment	Equity - based compensation		
	Cash salary and fees	Cash bonus	Non-monetary benefits	Consultancy	Superannuation	Options	Total	% of Perform Based Rem
	$	$	$	$	$	$	$	$
Executive Directors								
Warren Chant	153,425	-	-	-	14,575	-	168,000	-
Andrew Rawlinson	288,000	-	-	-	-	-	288,000	-
Non-Executive Directors								
Niall Cairns	78,000	-	-	-	-	-	78,000	-
Phillip Carter	78,000	-	-	-	-	-	78,000	-
Other Key Management Personnel								
Stephen Bell	240,000	-	-	-	-	-	240,000	-
Lyn Bell	240,000	-	-	-	-	-	240,000	-
Wayne Longbottom	125,000	-	-	-	-	-	125,000	-
Andrea West	153,425	-	-	-	14,575	-	168,000	-
	1,355,850	-	-	-	29,150	-	1,385,000	-

Note: Remuneration for Warren Chant and Andrea West include payments made from date the Company acquired Chant West 1 December 2015 to 30 June 2016.

DIRECTORS' REPORT

30 JUNE 2017

14. REMUNERATION REPORT (AUDITED) (CONTINUED)

Equity-based compensation

(a) Performance shares

On 30 April 2015 the Company issued 5,400,000 Performance shares in 3 tranches of 1,800,000 (in Classes A, B and C). Refer note 16 to the financial statements for details of the terms of issue and performance conditions. At 30 June 2017, 3,600,000 remained on issue.

In view of the terms of their conversion to ordinary shares, the Performance shares were considered not to have a material calculable value at grant date.

(b) Share based payments made through the issue of options

No options were issued during the current financial year.

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director and other key management personnel of the Group, including related parties, are set out below:

	Balance at Beginning of Year	Granted during year	Exercised during year	Forfeited or lapsed during year	Balance at end of year	Vested and exercisable at end of year	Unvested at end of year
30 June 2017				**$**		**$**	
Executive Directors							
Warren Chant	-	-	-	-	-	-	-
Andrea West	-	-	-	-	-	-	-
Andrew Rawlinson (ii)	-	-	-	-	-	-	-
Non-Executive Directors							
Niall Cairns (i)	1,500,000	-	-	-	1,500,000	1,500,000	-
Phillip Carter (i)	1,500,000	-	-	-	1,500,000	1,500,000	-
Key Management Personnel							
Stephen Bell (iii)	-	-	-	-	-	-	-
Lyn Bell (iv)	-	-	-	-	-	-	-
Wayne Longbottom (v)	-	-	-	-	-	-	-

(i) The options were issued to Kestrel Capital Pty Limited on 30 April 2015 for services rendered in the Enzumo acquisition. Messrs Cairns and Carter are directors of Kestrel Capital Pty Limited and as such, they each have a relevant interest in those options.

(ii) Resigned 24 February 2017

(iii) Left 21 May 2017

(iv) Left 3 March 2017

(v) Resigned 31 December 2016

DIRECTORS' REPORT
30 JUNE 2017

14. REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings

(a) The numbers of ordinary shares in the Company held during the financial year by each director and other key management personnel of the Group, including related parties, are set out below:

30 June 2017	Balance at Beginning of Year	Share-based compensation	Exercise of Options	Other transactions with Company	On-market and other transactions	Balance at End of Year
Executive Directors						
Warren Chant	3,680,000	-	-	-	-	3,680,000
Andrea West	3,680,000	-	-	-	-	3,680,000
Andrew Rawlinson (ii)	16,707,822	-	-	-	(16,707,822)	-
Non-Executive Directors						
Niall Cairns (i)	14,432,159	-	-	-	1,000,000	15,432,159
Phillip Carter (i)	9,793,344	-	-	-	-	9,793,344
Other Key Management Personnel						
Stephen Bell (ii)	16,678,572	-	-	-	(16,678,572)	-
Lyn Bell (ii)	16,678,572	-	-	-	(16,678,572)	-
	81,650,469	-	-	-	(49,064,966)	32,585,503

(i) Messrs Cairns and Carter are directors of Kestrel Growth Companies Limited which held 9,610,000 shares in the Company at 30 June 2017. As such they each hold a relevant interest in those shares.

(ii) "Other transactions" represents the number of shares held by Andrew Rawlinson, Stephen Bell and Lyn Bell as at their respective resignation and leaving dates.

30 June 2016	Balance at Beginning of Year	Share-based compensation	Exercise of Options	Other transactions with Company	On-market and other transactions	Balance at End of Year
Executive Directors						
Warren Chant	-	-	-	-	3,680,000	3,680,000
Andrew Rawlinson	7,000,000	-	-	-	9,707,822	16,707,822
Non-Executive Directors						
Niall Cairns (i)	8,305,730	-	-	-	6,126,429	14,432,159
Phillip Carter (i)	5,698,344	-	-	-	4,095,000	9,793,344
Other Key Management Personnel						
Stephen Bell	3,500,000	-	-	-	13,178,572	16,678,572
Lyn Bell	3,500,000	-	-	-	13,178,572	16,678,572
Andrea West	-	-	-	-	3,680,000	3,680,000
	28,004,074	-	-	-	53,646,395	81,650,469

(i) Messrs Cairns and Carter are directors of Kestrel Growth Companies Limited which held 9,610,000 shares in the Company at 30 June 2016. As such they each hold a relevant interest in those shares.

DIRECTORS' REPORT

30 JUNE 2017

14. REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings (continued)

(b) The numbers of Performance shares in the Company held during the financial year by each director and other key management personnel of the Group, including related parties, are set out below:

30 June 2017	Balance at Beginning of Year	Share-based compensation	Exercise of Options	Other transactions with Company $	On-market and other transactions	Balance at End of Year $
Executive Directors						
Andrew Rawlinson (i)	1,800,000	-	-	-	(1,800,000)	-
Other Key Management Personnel						
Stephen Bell (i)	1,800,000	-	-	-	(1,800,000)	-
Lyn Bell (i)	1,800,000	-	-	-	(1,800,000)	-
	5,400,000	-	-	-	(5,400,000)	-

(i) "Other transactions" represents the number of shares held by Andrew Rawlinson, Stephen Bell and Lyn Bell as at their respective resignation and leaving dates.

Key Terms of employment contracts

Warren Chant – Executive Director, Joint Chief Executive Officer

Warren's services are provided under an employment agreement dated 1 December 2015. The key terms of the agreement are:

- Remuneration: Total fixed remuneration (inclusive of statutory superannuation and other benefits) at the rate of $288,000 per annum working 4 days per week.
- Short term incentive plan: As approved by the Board on an annual basis.
- Long term Incentive plan: no plan is in place
- Intellectual property: All intellectual property developed by Warren in connection with his services remains the property of the Company.
- Termination: The agreement has no fixed term and may be terminated by either party on or before the first anniversary of the agreement by the giving of 6 months' notice. Thereafter, the agreement may be terminated by 3 months' notice by either party.
- Post termination: Conditions of the agreement relating to confidentiality and intellectual property survive termination and a restraint of trade period of 12 months from the date of termination applies.

Andrea West – Executive Director, Joint Chief Executive Officer

Andrea's services are provided under an employment agreement dated 1 December 2015. The key terms of the agreement are:

- Remuneration: Total fixed remuneration (inclusive of statutory superannuation and other benefits) at the rate of $288,000 per annum working 4 days per week.
- Short term incentive plan: As approved by the Board on an annual basis.
- Long term Incentive plan: No plan is in place
- Intellectual property: All intellectual property developed by Andrea in connection with her services remains the property of the Company.
- Termination: The agreement has no fixed term and may be terminated by either party on or before the first anniversary of the agreement by the giving of 6 months' notice. Thereafter, the agreement may be terminated by 3 months' notice by either party.
- Post termination: Conditions of the agreement relating to confidentiality and intellectual property survive termination and a restraint of trade period of 12 months from the date of termination applies.

DIRECTORS' REPORT

30 JUNE 2017

14. REMUNERATION REPORT (AUDITED) (CONTINUED)

Use of Remuneration Consultants

The Company's Nomination and Remuneration Committee employs the services of remuneration consultants from time to time to review and provide recommendations in respect of the amount and elements of executive remuneration, including short-term and long-term incentive plans. No remuneration consultant was used during the current financial year.

Performance-based Remuneration

Executive pay and reward framework has three components:

(i) Fixed remuneration and benefits

A total employment cost package may include a combination of cash and prescribed non-financial benefits at the executives' discretion. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. The base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market.

(ii) Short term incentives (STI)

Incentives are payable to executives and senior staff based upon the alignment to agreed corporate and individual milestones and are reviewed and approved by the Board of Directors.

(iii) Long Term incentives (LTI)

Executives and key personnel are issued with equity instruments in a manner that aligns this element of remuneration with the creation of shareholder value. LTI grants are made to executives who are able to influence the generation of shareholder value.

Relationship between Remuneration Policy and Company Performance

The Company's remuneration policy seeks to reward staff members for their contribution to achieving significant operational and strategic milestones. These milestones build sustainable and long term shareholder value.

Equity instruments are issued to executives and key personnel, and entitlements are based upon performance relative to the individual and the company both in absolute terms and relative to competitors in the resource sector. Equity instruments that are issued for performance are subject to key performance indicators (KPIs) set and approved by the Nomination and Remuneration Committee.

The KPIs target areas the Board believes hold greater potential for the group, covering financial and non-financial and well as short and long term goals.

Financial performance measures include adherence to budgeted expenditure and cash flow management, while non-financial measures are variously related to the individual's contribution toward achievement of the Company's strategic goals.

The following table sets out the movement in the Company's share price for the current year and the aggregate remuneration of KMPs over that period.

	30 June 17
Closing share price $	0.06
Price decrease $	(0.12)
Price increase (decrease)	(67%)
Total KMP remuneration $	1,425,058

Voting and comments made at the Company's 2016 Annual General Meeting

At the Company's 2016 Annual General Meeting, about 96% of votes cast were in favour of the Remuneration Report for the financial year ended 30 June 2016. No specific feedback in regard to the report was received from shareholders in attendance or otherwise.

End of audited Remuneration Report

DIRECTORS' REPORT

30 JUNE 2017

15. AUDIT AND NON-AUDIT SERVICES

The auditor of the Company and consolidated entities at 30 June 2017 was Grant Thornton Audit Pty Ltd (Grant Thornton), who continues in office in accordance with section 327 of the Corporations Act 2001. The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company and/or the consolidated entity are considered important.

Grant Thornton did not provide any non-audit services during the year ended 30 June 2017.

Details of amounts paid or payable to the auditor (Grant Thornton) in relation to the audit of the Company and its controlled entities are included in note 6 to the financial statements.

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001 is set out on page 13 and forms part of this report.

This report has been made in accordance with a resolution of directors.

On behalf of the directors.

Niall Cairns

Niall Cairns

Non-Executive Chairman

Sydney

30 August 2017

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Auditor's Independence Declaration
To the Directors of Enzumo Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Enzumo 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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 30 August 2017

FINANCIAL REPORTS

CONTENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue from operating activities		7,574,565	6,488,055
Interest income		20,085	31,512
R & D grant income		1,167,983	-
Other income		459	58,562
Total revenue and other income		8,763,092	6,578,129
Less: Expenses			
Administration		2,238,069	2,500,126
Corporate		570,479	824,151
Occupancy		495,032	365,846
Employees	4	4,609,681	3,199,577
Depreciation and amortisation	3	1,222,654	625,407
Impairment of intangible assets	3,11	3,842,608	-
Bad and doubtful debts		15,251	13,080
Other expenses		9,430	-
Cost of business acquisition		-	1,400,234
Total expenses		13,003,204	8,928,421
Net (loss) from ordinary activities before income tax	3	(4,240,112)	(2,350,292)
Income tax (expense) / benefit	5	(12,053)	952,544
Net (loss) for the year attributable to members of the parent entity		(4,252,165)	(1,397,748)
Other comprehensive income / (loss) for the year, net of tax		-	-
Total comprehensive income / (loss) for the year, net of tax		(4,252,165)	(1,397,748)
Earnings per share attributable to holders of ordinary shares:			
Basic (cents per ordinary share)	25	(4.50)	(1.85)
Diluted (cents per ordinary share)	25	(4.50)	(1.85)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Note	2017	2016
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,256,474	3,580,646
Trade and other receivables	8	690,884	1,251,701
Other assets	9	91,391	192,334
TOTAL CURRENT ASSETS		2,038,749	5,024,681
NON-CURRENT ASSETS			
Property, plant and equipment	10	246,760	268,998
Intangible assets	11	9,688,390	11,619,874
Other assets	9	39,390	-
TOTAL NON-CURRENT ASSETS		9,974,540	11,888,872
TOTAL ASSETS		12,013,289	16,913,553
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,011,711	1,722,821
Provisions	14	367,648	290,486
Other liabilities	15	2,014,767	2,134,852
TOTAL CURRENT LIABILITIES		3,394,126	4,148,159
NON-CURRENT LIABILITIES			
Provisions	14	93,251	78,962
Deferred tax liability	13	7,310	7,310
Other liabilities	15	91,645	-
TOTAL NON-CURRENT LIABILITIES		192,206	86,272
TOTAL LIABILITIES		3,586,332	4,234,431
NET ASSETS		8,426,957	12,679,122
EQUITY			
Issued capital	16	20,196,153	20,196,153
Reserves	18	128,000	128,000
Accumulated losses	18	(11,897,196)	(7,645,031)
TOTAL EQUITY		8,426,957	12,679,122

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
Balance at 1 July 2015	7,815,873	(6,247,283)	41,000	1,609,590
Comprehensive income				
Loss for the year	-	(1,397,748)	-	(1,397,748)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income / (loss) for the year	-	(1,397,748)	-	(1,397,748)
Transactions with owners, in their capacity as owners, and other transfers:				
Issue of shares under share placement	9,500,280	-	-	9,500,280
Issue of shares on the acquisition of Chant West	2,880,000	-	-	2,880,000
Share based payments	-	-	87,000	87,000
Total transactions with owners and other transfers	12,380,280	-	87,000	12,467,280
Balance at 1 July 2016	20,196,153	(7,645,031)	128,000	12,679,122
Loss for the year	-	(4,252,165)	-	(4,252,165)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income / (loss) for the year	-	(4,252,165)	-	(4,252,165)
Total transactions with owners and other transfers	-	-	-	-
Balance at 30 June 2017	20,196,153	(11,897,196)	128,000	8,426,957

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,766,941	6,617,904
Payments to suppliers and employees		(9,284,045)	(8,251,163)
Income taxes paid		(12,053)	-
Government grant received		1,296,440	-
Interest received		20,085	31,512
Net cash from / (used in) operating activities	20	787,368	(1,601,747)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(37,010)	(47,061)
Purchase of Chant West, net of cash acquired		-	(4,294,420)
Purchase of intangible assets	11	(3,074,530)	(2,351,650)
Net cash used in investing activities		(3,111,540)	(6,693,131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	9,500,280
Net cash provided by financing activities		-	9,500,280
Net increase in cash held		(2,324,172)	1,205,402
Cash and cash equivalents at beginning of financial year		3,580,646	2,375,244
Cash and cash equivalents at end of financial year	7	1,256,474	3,580,646

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

These consolidated financial statements and notes represent those of Enzumo Limited (the "Company") and its controlled entities (the "Group" or "consolidated entity").

The separate financial statements of the Company have not been presented within this financial report as permitted by the *Corporations Act 2001* (see Note 30).

The financial statements were authorised for issue on 30 August 2017 by the directors of the Company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Enzumo Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 28.

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

Business combinations

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

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

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Goodwill

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

(i) the consideration transferred;

(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

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

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

Refer to Note 11 for information on the goodwill policy adopted by the Group for acquisitions.

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

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

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

b. **Income Tax**

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Company and its wholly owned Australian controlled entities formed a tax consolidated group at 1 May 2015, which included Enzumo Limited as the head entity and the following subsidiaries: Enzumo LMS Pty Ltd, Enzumo Consulting Pty Ltd and Enzumo Corporation Pty Ltd (formerly Enzumo Admin Pty Ltd). On 1 December 2015 the acquisition of Chant West Pty Ltd by Enzumo Limited resulted in Chant West Pty Ltd joining the tax consolidated group on that date.

c. **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

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

d. **Property, Plant and Equipment**

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate - years**
Plant and equipment	2-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. **Leases**

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

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. 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 straight-line basis over the shorter of their estimated useful lives or the lease term.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

f. **Financial Instruments**

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

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

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Loans and receivables*

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

(ii) *Financial liabilities*

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

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

– the likelihood of the guaranteed party defaulting during the next reporting period;
– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
– the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: *Revenue*. Where the entity gives guarantees in exchange for a fee, revenue is recognised in accordance with AASB 118.

Derecognition

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

g. **Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

h. **Intangibles Other than Goodwill**

Brands and trademarks

Brands and trademarks are recognised at cost of acquisition. They have an infinite life and are carried at cost less any impairment losses. Patents and trademarks are not amortised as they are seen to have an indefinite useful life. Brands and trademarks are accordingly impairment tested on an annual basis.

Customer Relationships

Customer relationships are recognised at cost of acquisition (as determined by an independent valuer) and are amortised over the period in which future economic benefits are expected to be derived, being a period of 10 years.

Software

Software assets are recognised at cost of acquisition (as determined by an independent valuer) and are amortised over the period in which future economic benefits are expected to be derived, being for a period of 5 years.

Database

Database assets are recognised at cost of acquisition (as determined by an independent valuer) and are amortised over the period in which future economic benefits are expected to be derived, being for a period of 5 years.

Research and development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development; and
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Chant West product development costs are amortised over the period of expected future benefit being 5 years. The IT development costs relating to the dealer group compliance project were fully written off during the year. Amortisation is recorded in expenses. During the period of development, the assets are tested annually for impairment.

i. **Employee Benefits**

Short-term employee benefits

Provision is made for the Group’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group’s obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group’s obligations for employees’ annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any adjustments for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (i) the date when the Group can no longer withdraw the offer for termination benefits; and (ii) when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

j. **Provisions**

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

k. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

l. **Revenue and Other Income**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific criteria must also be met before revenue is recognised:

Licence fees and rendering of services - Enzumo

Revenue from licence fees is recognised when the significant risks and rewards of ownership have passed to the buyer. Revenues from consulting and similar services are recognised as revenue in the period when the service is performed.

Subscription income and awards income – Chant West

Subscription income is mostly received annually, six monthly or quarterly in advance. Income is recognised on a monthly basis which is consistent with the provision of these services. The amount that has not been earned is recognised as a deferred income liability in the statement of financial position.

The delivery of service for award licences occurs at the time the award is issued.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Government grants

Government grants are recognised at fair value where there is a reasonable certainty that the grant will be received upon meeting all grant terms and conditions. Grants that are meant to fund expenditure on research and development are recognised over the periods when these costs are written off to profit or loss. Grants related to assets are carried forward as deferred income at fair value and are credited to other income over the expected useful life of the asset over a straight line basis.

m. **Trade and Other Receivables**

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

n. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

o. **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interest revenue

p. **Goods and Services Tax (GST)**

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

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 ATO is included with other receivables or payables in the statement of financial position.

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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

q. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

r. **Earnings per share**

Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus share 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

s. **Parent entity financial information**

The financial information for the parent entity, Enzumo Limited, disclosed in Note 30 has been prepared on the same basis as the consolidated financial statements except for investments in subsidiaries which are accounted for at cost less accumulated impairment losses in the financial statements of the parent entity.

t. **Segment Reporting**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group operates in two business segments, being software solutions (XPLAN and LMS - Enzumo) and superannuation research services and software solutions (superannuation services – Chant West) for the financial services industry. All other activities are considered of a corporate nature (Corporate).

u. **Critical Accounting Estimates and Judgements**

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

Key estimates

(i) *Goodwill impairment – Chant West*

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash flow projections to value Chant West goodwill are based on three key assumptions:(i) a revenue growth rate of 5% per annum over the next 5 years which reflects management's expectations of the company's continued ability to grow (ii) a pre-tax discount rate (weighted-average cost of capital) of 15.8% and (iii) a terminal growth rate of 3% per annum. The value of goodwill is sensitive to these assumptions. Goodwill is carried in the statement of financial position at a value of $2.6m as disclosed in Note 11 'Intangible Assets.'

No impairment has been recognised in respect of Chant West goodwill at the end of the reporting period. Should Chant West have negative revenue growth of 0.5%, an impairment loss of $362,241 would arise. If the weighted average cost of capital was increased by 13%, an impairment loss of $65,657 would arise.

(ii) *Capitalised development costs*

Judgement is required in distinguishing the research and development phases of a new software development project. It is also required in determining whether the recognition requirements for the capitalisation of development costs are met. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired (see Note 1h 'Research and development). Capitalised development costs associated with the dealer group compliance project were fully written off during the year.

(iii) *Recovery of deferred tax assets*

Deferred tax assets of $132,613 (gross $442,042) have been recognised in relation to tax losses of the Group that management believes is probable they will be recovered through the derivation of future taxable profits. The remaining tax losses have not been recognised due to the uncertainty in relation to the timing of the losses being utilised in the future.

(iv) *Share based payments*

The company has issued to options to directors and brokers. The options granted in prior year were valued using the Black Scholes Model. The key inputs to the pricing model are disclosed in Note 26 'Share Based Payments'. The key judgment involved in this pricing model is the use of the stock price volatility.

(v) *R & D grant income*

The company has received R & D grant income of $1,302,326, including interest of $5,886, for the year ended 30 June 2017 from the Australian Taxation Office. Pursuant to with AASB 120, $1,173,869, including interest of $5,886, has been recognised as income in proportion to the associated expenses recognised during the year and the balance of grants received has been recognised as deferred income.

v. **Going Concern Basis of Accounting**

While the Group incurred a net loss after tax of $4,252,165 for the year ended 30 June 2017 (2016: loss of $1,397,748), the directors are satisfied the Company is a going concern. The net loss included three substantial non-operational amounts which, when excluded, resulted in a Group operating loss of $589,126. This comprised a Chant West profit of $1,268,146, an Enzumo loss of $1,229,350 and Corporate expenses of $627,922.

Going forward, Chant West is expected to operate at a similar level of profitability. Enzumo is expected to operate at a breakeven level following significant staff reductions and the cessation of its software development project. Corporate costs are expected to fall slightly. Overall, the Group is expected to operate profitably in FY18.

The directors believe the Company will be able to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report and, accordingly, have prepared the financial report on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 9*: Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments, as the Group does not currently engage in hedging activities.

– AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The Group is yet to undertake a detailed assessment of the impacts of AASB 15. However, based on the Group's preliminary assessment, the standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

– AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Group have yet to undertake a detailed assessment of the impact of AASB 16, however, based on the Group's preliminary assessment the likely impact on first time adoption of this standard for 30 June 2020 includes an increase in lease assets and financial liabilities recognised in the statement of financial position.

3. PROFIT OR LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX

	Note	2017 $	2016 $
Profit or Loss before income tax has been arrived at after charging (crediting) the following:			
Finance Costs			
Interest Expense		-	-
Other items of expense (income)			
Bad and doubtful debts expense		15,251	13,080
Depreciation of plant and equipment	(i),(ii)	59,248	42,630
Amortisation of intangible assets	(i),(iii)	1,163,406	582,777
Impairment of intangible assets	(iii)	3,842,608	-
Costs of acquiring Chant West		-	1,400,234

(i) Depreciation and amortisation totalling $1,222,654 comprises $277,663 for Chant West, $15,691 for Enzumo and $929,300 amortisation of the acquisition costs of Chant West.

(ii) See note 9

(iii) See note 11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

4. EMPLOYMENT COSTS

	Note	2017 $	2016 $
Employee benefits and other expenses comprises of the following items:			
Salaries and wages		3,362,314	2,388,054
Bonuses		232,000	56,342
Directors fees		108,000	143,250
Superannuation		339,033	274,100
Annual Leave		75,681	66,361
Long service leave		15,771	13,329
Payroll tax		291,572	175,291
Training and development		16,454	9,023
Recruitment		138,571	47,012
Staff amenities		30,285	26,815
		4,609,681	3,199,577

5. INCOME TAX

(a) Income tax recognised in profit or loss:

	Note	2017	2016
The prima facie income tax expense on pre-tax accounting profit or loss from operations reconciles to income tax expense in the financial statements as follows:			
(Loss) before income tax expense		(4,240,112)	(2,350,292)
Prima facie income tax at 30% (2016: 30%)		(1,272,034)	(705,088)
Non-deductible items		1,790,608	1,075,789
Non assessable income		(976,278)	(370,702)
Recognition of temporary differences as a deferred tax asset		132,613	(699,003)
Income tax losses not recognised as a deferred tax asset		325,091	-
Income tax losses recognised as a deferred tax asset	(i)	-	(131,586)
Reversal of prior year over-provision		-	(121,954)
Recognition prior year under-provision		12,053	-
Income tax (benefit) / expense		12,053	(952,544)

(i) A deferred tax asset relating to tax losses has been recognised amounting to $132,613 (gross $442,042), further tax losses exist that have not been recognised as a deferred tax asset. The deferred tax asset has been netted off against the deferred tax liability.

(b) Tax (benefit) / expense comprises:

	2017	2016
Current tax	12,053	(121,954)
Deferred tax	-	(830,590)
	12,053	(952,544)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

5. INCOME TAX (CONTINUED)

(c) Unrecognised deferred tax balances

The following temporary difference balances have not been recognised in the accounts:

	2017 $	2016 $
Income tax losses	325,091	-
	325,091	-

The taxation benefits of losses and temporary differences not brought to account will only be obtained if:

(i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from deductions to be realised;

(ii) The Group continues to comply with the conditions for deductibility imposed by law; and

(iii) No changes in tax legislation adversely affect the Group's ability to realise the benefit of deductions.

6. REMUNERATION OF AUDITORS

Parent and consolidated entity auditor

Audit and audit review of financial reports	116,500	92,000
	116,500	92,000

7. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	1,241,777	3,565,445
Cash at bank and on hand (held in Papua New Guinean Kina – "PGK")	14,697	15,201
	1,256,474	3,580,646

8. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	670,884	1,248,795
Allowance for doubtful debts	-	(14,001)
	670,884	1,234,794
Sundry receivables and accruals	20,000	16,907
	690,884	1,251,701

Trade receivables are non-interest bearing and on 30 to 60 day terms. Due to the short term nature of the receivables their carrying value is assumed to approximate their fair value. No collateral or security is held.

All of the Group's trade and other receivables have been reviewed for indicators of impairment.

The Group has financial risk management policies in place to ensure that all receivables are received within the applicable terms of payment.

The movement in the allowance for doubtful debts is reconciled as follows:

Reconciliation of allowance for doubtful debts

Balance at beginning of period	14,001	10,696
Impairment loss provided	29,252	3,305
Amounts written off	(29,252)	-
Amount reversed	(14,001)	-
Balance at end of period	-	14,001

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

9. OTHER ASSETS

	2017 $	2016 $
Current		
Prepayments	91,391	192,334
	91,391	192,334
Non-current		
Prepayments	39,390	-
	39,390	-

10. PLANT AND EQUIPMENT

	2017 $	2016 $
Furniture & fittings - at cost	312,137	306,508
Accumulated depreciation	(273,569)	(263,248)
	38,568	43,260
Office equipment - at cost	293,508	262,129
Accumulated depreciation	(225,645)	(188,146)
	67,863	73,983
Leasehold improvements - at cost	281,775	281,775
Accumulated depreciation	(141,446)	(130,020)
	140,329	151,755
Total	246,760	268,998

Movement schedule	Furniture and fittings $	Office equipment $	Leasehold improvements $	Total $
Balance at 1 July 2015	14,684	18,217	-	32,901
Additions	5,602	41,459	-	47,061
Acquisition through business combination	34,452	38,160	159,054	231,666
Depreciation	(11,478)	(23,853)	(7,299)	(42,630)
Balance at 30 June 2016	43,260	73,983	151,755	268,998
Additions	5,630	31,380	-	37,010
Depreciation	(10,322)	(37,500)	(11,426)	(59,248)
Balance at 30 June 2017	38,568	67,863	140,329	246,760

(i) No plant and equipment is or has been pledged as collateral or security

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11. INTANGIBLE ASSETS

	2017 $	2016 $
Acquired Goodwill:		
Cost	2,670,927	2,670,927
Accumulated impairment losses	-	-
Net carrying amount	2,670,927	2,670,927
Acquired Brand Names and Trademarks:		
Cost	916,000	916,000
Accumulated impairment losses	-	-
Net carrying amount	916,000	916,000
Acquired Customer Relationships:		
Cost	2,793,000	2,793,000
Accumulated amortisation	(442,225)	(162,925)
Net carrying amount	2,350,775	2,630,075
Acquired Software and Database		
Cost	3,250,000	3,250,000
Accumulated amortisation	(1,029,167)	(379,167)
Net carrying amount	2,220,833	2,870,833
Software development costs – Enzumo	3,842,608	1,940,852
Accumulated impairment	(3,842,608)	-
Net carrying amount	-	1,940,852
Software development costs – Chant West	2,513,610	1,340,836
Accumulated amortisation	(1,003,964)	(775,862)
Net carrying amount	1,509,646	564,974
Website development costs – Chant West	30,025	30,025
Accumulated amortisation	(9,816)	(3,812)
Net carrying amount	20,209	26,213
Total	9,688,390	11,619,874

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11. INTANGIBLE ASSETS (CONTINUED)

Movement Schedule

	Goodwill	Brand Names Trade Marks	Customer Relationships	Software & database	Software development – Enzumo	Software development – Chant West	Website development – Chant West	Total
30 June 2017								
Opening balance	2,670,927	916,000	2,630,075	2,870,833	1,940,852	564,974	26,213	11,619,874
Additions	-	-	-	-	1,901,756	1,172,774	-	3,074,530
Amortisation charge	-	-	(279,300)	(650,000)	-	(228,102)	(6,004)	(1,163,406)
Impairment	-	-	-	-	(3,842,608)	-	-	(3,842,608)
Closing balance	2,670,927	916,000	2,350,775	2,220,833	-	1,509,646	20,209	9,688,390

Intangible assets, other than brand names and trademarks and goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Brand names and trademarks have an indefinite useful life. There are two cash generating units - Chant West and Enzumo.

Impairment disclosures

Goodwill, brand names and trademarks are allocated to cash-generating units which are based on the Group's reporting segments:

	Note	2017 $	2016 $
Goodwill (superannuation research and advisory) – Chant West		2,670,927	2,670,927
Brand name, trademark – Chant West		916,000	916,000
Total		3,586,927	3,586,927

The recoverable amount of each cash-generating unit above is determined based on the value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period with the period extending beyond 5 years extrapolated using a terminal growth rate. The cash flows are discounted using the discount rate of a 5-year government bond at the beginning of the budget period.

The following key assumptions were used in the value-in-use calculations:

	Terminal growth rate	Revenue growth rate	Discount rate
Superannuation Research and Advisory	3%	5%	15.8%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

No impairment has been recognised in respect of goodwill at the end of the reporting period. Should Chant West have negative revenue growth of 0.5%, an impairment loss of $370,061 would arise. If the weighted average cost of capital was increased by 13% to 28.8%, an impairment loss of $65,657 would arise.

In June 2017, the Board made a decision to discontinue the Enzumo software development project (Enzumo segment reporting) due to the lack of institutional support for the product. The Board will seek to recover as much as possible of the value of the intellectual property inherent in the product. Its fair value at this stage is estimated to be $nil, accordingly an impairment write down of $3,842,608 has been recognised for the year ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

12. TRADE AND OTHER PAYABLES

Current	**2017 $**	**2016 $**
Trade payables	329,451	691,402
Sundry payables and accruals	585,927	1,031,419
GST payable	96,333	-
	1,011,711	1,722,821

The average credit period on purchases is 30 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within terms.

13. DEFERRED TAX

	Opening balance $	Charge to income $	Closing balance $
Non - Current			
Deferred tax liabilities (i)			
Customer relationships	837,900	(171,650)	666,250
Prepayments	740	(693)	47
Black hole expenditure	(449,143)	215,444	(233,699)
Provisions and accruals	(250,601)	89,511	(161,090)
Tax losses	(131,586)	(132,612)	(264,198)
Balance at 30 June 2017	7,310	-	7,310

(i) Deferred tax assets have been netted off against deferred tax liabilities for disclosure purposes.

14. PROVISIONS

	2017 $	**2016 $**
Current		
Employee benefits	367,648	290,486
	367,648	290,486
Non-current		
Employee benefits	93,251	78,962
	93,251	78,962

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

15. OTHER LIABILITIES

Current		
Lease incentive liability	33,715	45,791
Deferred Income	1,944,240	2,089,061
Deferred R & D Income	36,812	-
	2,014,767	2,134,852
Non-current		
Deferred R & D Income	91,645	-
	91,645	-

16. ISSUED CAPITAL

(a) Share capital

Fully paid ordinary shares		20,196,153	20,196,153
Class A performance shares	(d)	-	-
Class B performance shares	(d)	-	-
Class C performance shares	(d)	-	-
Fully paid ordinary shares		20,196,153	20,196,153

(b) Movement in fully paid ordinary shares

Date	Details		Number of Shares	$ per Share	$
30/06/2015	Balance at end of period		52,529,355		7,815,873
12/11/2015	Tranche 1 of share placement to fund acquisition Chant West	b(i)	6,500,000	0.28	1,820,000
23/11/2015	Shares issued under prospectus dated 12 November 2015	b(i)	1,000	0.28	280
24/12/2015	Tranche 2 of share placement to fund acquisition Chant West	b(i)	27,428,572	0.28	7,680,000
24/12/2015	Non-cash consideration paid to vendors of Chant West	b(ii)	9,000,000	0.32	2,880,000
30/06/2016	Balance at end of period		95,458,927		20,196,153
30/06/2017	Balance at end of period		95,458,927		20,196,153

(i) Issued without restrictions

(ii) Issued with voluntary escrow restrictions applying for the twelve-month period to 21 December 2016.

(c) Terms and conditions of fully paid ordinary shares

(i) 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 shares held.

(ii) On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and on a poll each share is entitled to one vote.

(iii) Ordinary shares have no par value and the company does not have limited amount of authorised capital.

(d) Movement in performance shares

Date	Details	Number of Shares	$ per Share	$
30/06/2015	Balance at end of period	5,400,000	-	-
30/06/2016	Balance at end of period	5,400,000	-	-
30/06/2017	Lapse of Class A performance shares	(1,800,000)	-	-
30/06/2017	Balance at end of period	3,600,000	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

16. ISSUED CAPITAL (CONTINUED)

(e) Terms and conditions of performance shares

(i) The Performance Shares confer on the Performance Shareholders the right to receive notices of and attend general meetings and financial reports and accounts of the Company that are circulated to Shareholders. The Performance Shares do not confer a right to vote and meetings of shareholders.

(ii) The Performance Shares do not entitle the Performance Shareholder to receive dividends or participate in surplus assets on a winding up of the company.

(iii) Performance Shares do not entitle the holder to participate in new issues of capital offered to holders of ordinary shares such as bonus issues and Entitlement Offers.

(iv) Each Class B Performance Share will automatically convert into one (1) Share on the satisfaction of the Class B Milestone and each Class C Performance Share will convert into one (1) Share on the satisfaction of the Class C milestone.

(v) Class A Performance Share has lapsed as at 30 June 2017 due to non-achievement of Milestone of Group EBITDA, for either FY 16 or FY17, being greater than or equal to $3,400,000.

(vi) Class B Milestone means the Group EBITDA for any of FY 16, FY 17 or FY 18, being greater than or equal to $4,000,000.

(viii) Class C Milestone means the Group EBITDA for any of the FY 16, FY 17 or FY 18, being greater than or equal to $6,400,000

17. OPTIONS OVER UNISSUED SHARES

(a) Movements in options on issue

	2017		2016	
	No.	**WAEP***	**No.**	**WAEP***
Balance at beginning of reporting period	4,650,000	$0.324	2,150,000	$0.30
Enzumo Limited options on issue at acquisition	-	-	-	-
Issued during the year	-	-	1,000,000	$0.30
Issued during the year	-	-	1,500,000	$0.375
Balance at end of reporting year	4,650,000	$0.324	4,650,000	$0.324

Weighted Average Exercise Price

(b) Options on issue by exercise date and exercise price

		2017		2016	
Expiry Date	**EP**	**No.**	**WAEP***	**No.**	**WAEP***
23 February 2018	$0.30	200,000	$0.30	200,000	$0.30
30 April 2018	$0.30	1,950,000	$0.30	1,950,000	$0.30
Balance at 30 June 2016		2,150,000	$0.30	2,150,000	$0.30
21 July 2018	$0.30	1,000,000	$0.30	1,000,000	$0.30
17 May 2019	$0.375	1,500,000	$0.375	1,500,000	$0.375
Balance at 30 June 2017		**4,650,000**	**$0.324**	**4,650,000**	**$0.324**

(c) Terms of issue of options

By payment of the exercise price before the expiry date, each option entitles the holder to acquire one fully paid share in the Company. The options are transferrable only with the prior approval of the board of Enzumo Limited and do not contain a right of the option holder to participation in the issue of shares made by the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

18. RESERVES AND ACCUMULATED LOSSES

		Note	2017 $	2016 $
(a)	**Reserves**			
	Share based payments reserve		128,000	128,000
			128,000	128,000
	Movements in reserve			
	Share based payments reserve			
	Balance at beginning of period		128,000	41,000
	Options issued during period		-	87,000
	Balance at end of period		128,000	128,000

The share based payments reserve records the value of share options issued to the Company's directors, employees and third parties.

On 22 July 2015 the Company issued to Baker Young Stockbrokers, 1,000,000 options over ordinary shares, at a price of $0.01 per option with exercise price of $0.30. Each option has a term of 3 years from the date of issue. The options were issued pursuant to the terms of a corporate advisory mandate with Baker Young Stockbrokers.

On 17 May 2016 the Company issued to Baker Young Stockbrokers, 1,500,000 options over ordinary shares, at a price of $0.01 per option with exercise price of $0.375. Each option has a term of 3 years from the date of issue. The options were issued pursuant to the terms of a corporate advisory mandate with Baker Young Stockbrokers.

		2017 $	2016 $
(b)	**Accumulated Losses**		
	Balance at beginning of year	(7,645,031)	(6,247,283)
	Loss for the year	(4,252,165)	(1,397,748)
	Distributions	-	-
	Balance at end of year	(11,897,196)	(7,645,031)

19. DIVIDENDS

No dividends have been paid or declared for the year ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2017	**2016**
	$	**$**
Loss for year	(4,252,165)	(1,397,748)
Adjusted for:		
Depreciation and amortisation	1,222,654	625,407
Impairment	3,842,608	-
Share based payments	-	87,000
	813,097	(685,341)
Add (deduct) net changes in working capital (net of acquisition):		
- Change in trade and other receivables	560,817	1,848
- Change in other assets	61,553	144,402
- Change in trade and other payables	(756,901)	329,809
- Change in deferred tax asset / liability	-	(830,590)
- Change in tax liability	-	(121,954)
- Change in employee obligations	91,451	72,707
- Change in other liabilities	17,351	(512,628)
Net cash inflow (outflow) from operating activities	787,368	(1,601,747)

21. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of each category of financial asset and liability, as detailed in the accounting policies are as follows:

	Carried at amortised cost	Total
Year ending 30 June 2017	$	$
Financial assets		
Cash and cash equivalents	1,256,474	1,256,474
Trade receivables	690,884	690,884
Total financial assets	1,947,358	1,947,358
Financial liabilities		
Trade payables	329,451	329,451
Total financial liabilities	329,451	329,451
Net financial assets	1,617,907	1,617,907
Year ending 30 June 2016		
Financial assets		
Cash and cash equivalents	3,580,646	3,580,646
Trade receivables	1,251,701	1,251,701
Total financial assets	4,832,347	4,832,347
Financial liabilities		
Trade payables	691,402	691,402
Total financial liabilities	691,402	691,402
Net financial assets	4,140,945	4,140,945

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

Through these instruments the Group is exposed to various risks, the main risk types being market risk, credit risk and liquidity risk. An analysis of the Group's exposure management to these risks follows.

The Group's risk management is coordinated in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write uncovered options.

A discussion and analysis of each of the key areas of the Company's financial risk management framework follows.

(b) Market risk management

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating activities.

Foreign currency risk

The majority of the Group's transactions are carried out in $AUD. Exposures to currency exchange rates arises from the Group's foreign currency denominated bank accounts.

In order to mitigate the Group's exposure to foreign currency risk, non-$AUD cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within six months) from longer-term cash flows (due after six months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward exchange contracts are mainly entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions.

The following table depicts the Company's net exposure to foreign currency denominated financial assets and liabilities at the reporting date:

	Foreign Currency	2017 $AUD	2016 $AUD
Financial assets			
Cash at bank and on hand	PGK	14,697	15,201
Net financial assets		14,697	15,201

At the reporting date a 10% variation up or down in PGK exchange rates (with all other variables held constant) would have varied after tax result and equity for the year by $Nil (2016: $0)

Interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with floating interest rates. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

At the reporting date a 10% variation up or down in short term interest rates (with all other variables held constant) would have varied after the tax result and equity for the year by an immaterial amount.

(c) Credit risk management

Credit risk arises in the event that a counterparty will not meet its obligations under a financial instrument leading to financial losses. The Consolidated Entity is exposed to credit risk from its operating activities and financing activities, including deposits with banks and trade receivables. Cash balances are held in financial institutions with high ratings, primarily the Australian Big 4 banks. The entity has assessed that there is minimal risk that the cash balances are impaired. Trade receivables are reviewed for impairment by a process of specific identification and appropriate allowance made for credit losses as required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk management

The group is exposed to liquidity risk by having to maintain sufficient cash reserves to close out trade and other payable obligations in a timely manner and manages this risk by maintaining sufficient cash reserves and through regular rolling forecasts of cash flows. The entity aims at maintaining flexibility in funding by having plans in place to source additional capital as required.

The following table details the Consolidated Entity's non-derivative financial instruments according to their contractual maturities. The amounts disclosed are based on contractual undiscounted cash flows.

	2017 $	2016 $
Contracted maturities of payables at reporting date:		
Less than 6 months	329,451	691,402
	329,451	691,402

(e) Capital risk management

When managing capital (shareholder equity), management's objective is to ensure the entity continues as a going concern in addition to providing optimal returns to shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares, enter into joint ventures or sell shares. The entity does not have a defined share buy-back plan.

There is no current intention to incur debt funding on behalf of the Company. The Group is not subject to any externally imposed capital requirements.

23. CONTINGENT LIABILITIES

The Company and the Group had contingent liabilities at balance date in respect of:

Indemnities

Indemnities have been provided to directors and certain executive officers of the consolidated Group in respect of potential liabilities to third parties arising from their positions. No monetary limit applies to these agreements and there are no known liabilities still outstanding as at 30 June 2017 (2016: Nil).

24. COMMITMENTS

	2017 $	2016 $
Non-cancellable operating lease rentals		
The Group has a non-cancellable operating lease commitment in respect of office premises located at 10 Edmondstone Road, Bowen Hills Queensland.		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within 1 year	142,590	142,590
Later than 1 year but not later than 5 years	272,891	436,255
	415,481	578,845

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

25. EARNINGS PER SHARE

Loss per share:		
Basic (cents)	(4.50)	(1.85)
Diluted (cents)	(4.50)	(1.85)
The loss attributable to shareholders of the Company and used in the calculation of earnings per share:		
Basic	(4,252,165)	(1,397,748)
Diluted	(4,252,165)	(1,397,748)
Weighted average number of ordinary shares outstanding during the year used in the calculation of earnings per share:		
Basic	95,458,927	75,506,670
Diluted	95,458,927	75,506,670
Options and performance rights on issue not used in the calculation of diluted loss per share:	4,650,000	4,650,000

(a) At the report date the company had 4,650,000 (2016: 4,650,000) unlisted options over unissued ordinary shares on issue. These options are not considered to be dilutive as their exercise price was higher that the Company's share price on the reporting date.

There were 2,150,000 options on issue at the end of the previous reporting date.

26. SHARE-BASED PAYMENTS

(a) Recognised share based payment expense

Expense arising from the issue of options	-	87,000

(b) Performance shares

On 30 April 2015 the Company issued 5,400,000 Performance shares in 3 tranches of 1,800,000 (in Classes A, B and C). Refer note 16 for details of the terms of issue and performance conditions. At 30 June 2017, 3,600,000 shares remained on issue.

In view of the terms of their conversion to ordinary shares the performance shares were considered not to have a material calculable value at grant date.

(c) Share based payments made through the issue of options

On 22 July 2015 the Company issued to Baker Young Stockbrokers, 1,000,000 options over ordinary shares, at a price of $0.01 per option. Each option has an exercise price of 30 cents per share and a term of 3 years from the date of issue. The options were issued pursuant to the terms of a corporate advisory mandate with Baker Young Stockbrokers.

On 17 May 2016 the Company issued to Baker Young Stockbrokers, 1,500,000 options over ordinary shares, at price of $0.01 per option. Each option has an exercise price of 37.5 cents per share and a term of 3 years from the date of issue. The options were issued pursuant to the terms of a corporate advisory mandate with Baker Young Stockbrokers.

Refer to note 17 for details of all options over unissued shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

26. SHARE-BASED PAYMENTS (CONTINUED)

(d) Option valuation determinants

The following table lists the inputs to the model used for the purposes of establishing the fair value of the options issued.

	2016 $
Dividend Yield (%)	0.00
Expected Volatility (%)	27
Risk free interest rate (%)	1.6
Expected life of options (years)	3.00
Exercise price ($)	0.375
Share price at grant date ($)	0.22

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of fair value.

27. RELATED PARTY TRANSACTIONS AND DISCLOSURES

(a) Parent entity

The parent entity within the Group is Enzumo Limited. The parent entity's interests in subsidiary companies are set out in note 28.

(b) Transactions with key management personnel

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(c) Key management personnel compensation

The aggregate compensation of Directors and senior management is set out below:

	2017 $	2016 $
Short-term employment benefits	1,375,048	1,355,850
Post-employment benefits	50,010	29,150
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	1,425,058	1,385,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

27. RELATED PARTY TRANSACTIONS AND DISCLOSURES (CONTINUED)

(d) Outstanding balances arising from sales/purchases of goods and services

Current payables (purchases of services)	150,311	11,654

(e) Equity-based payments

Details of equity settled transactions are included in note 26.

(f) Transactions with related parties

The following transactions occurred with related parties other than key management personnel or entities related to them:

Purchase of goods and services

Church St Group Pty Ltd – Commercial property lease system (i)	157,261	148,372
Kestrel Capital Pty Limited – Corporate services agreement (ii)	68,374	46,340
Albion Street Partnership – Surry Hills rental agreement (iii)	159,273	92,909

(g) Terms and conditions of transactions with related parties other than key management personnel or their related entities

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Outstanding balances are unsecured and are repayable in cash.

Contracts entered into with related parties include:

(i) Commercial property lease agreement with Church St Group Pty Ltd (of which Messrs Stephen Bell and Andrew Rawlinson are directors) for the lease of the premises located at 10 Edmondstone Road, Bowen Hills, Qld.

The material items of the agreements are summarised as follows:

a. Term: 5 years from February 2015, with option to renew for a further 5 years.

b. Annual rental of $134,400 (excluding GST) plus outgoings, payable monthly.

(ii) Corporate services agreement with Kestrel Capital Limited (a company controlled by Directors Niall Cairns and Phillip Carter)

a. The services provided by Kestrel Capital include company secretary services (terminated 31 December 2016) and office accommodation facilities (terminated 31 May 2017);

b. The annual fee payable to Kestrel Capital for the office accommodation services was $44,374 (2016: $46,248).

c. The monthly fee payable to Kestrel Capital for the company secretary services was $4,000.

d. The Company can terminate the agreement at any time provided it pays Kestrel Capital Limited (a) the greater of 3 months' service fees or the service fees for the balance of the applicable terms those services were to be provided and (b) an amount equal to all reasonable severance fees Kestrel Capital Limited is required to pay to its staff and reasonable expenses it may incur in closing offices or operations no longer required as a result of termination. Service fees will be adjusted for CPI on 1 July each year.

(iii) Chant West Pty Limited had an agreement with the Albion Street Partnership (Warren Chant holds a controlling interest in this entity) for the rental of the Surry Hills premises for an amount of $13,273 per month. The agreement expired in May 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

28. SUBSIDIARIES

	Country of Incorporation	Ownership interest 2017 %	2016 %
Parent entity			
Enzumo Limited	Australia		
Subsidiaries			
Chant West Pty Ltd	Australia	100	100
Enzumo Corporation Pty Ltd (formerly Enzumo Admin Pty Ltd)	Australia	100	100
Enzumo Consulting Pty Ltd	Australia	100	100
Enzumo LMS Solutions Pty Ltd	Australia	100	100
Goldminex Resources (PNG) Limited*	Papua New Guinea	100	100

*Goldminex Resources (PNG) Limited is a dormant entity with neither assets or external liabilities at the reporting date and did not contribute to the operating result for the year.

29. SEGMENT REPORTING

The Group has identified its operating segments based on internal reports that are reviewed and used by the executive management team (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group operates in two business segments, being software solutions (XPLAN and LMS - Enzumo) and superannuation research services and software solutions (Superannuation services – Chant West) for the financial services industry. All other activities are considered of a corporate nature (Corporate).

For the year ended 30 June 2017	**XPLAN & eLMS – Enzumo**	**Superannuation Services – Chant West**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Revenue				
From external customers	1,936,351	5,638,214	-	7,574,565
From other segments	-	-	-	-
Segment revenues	1,936,351	5,638,214	-	7,574,565
Interest income (i)	6,002	14,053	30	20,085
R & D grant income	1,112,380	55,603	-	1,167,983
Other income	459	-	-	459
Total revenue	3,055,192	5,707,870	30	8,763,092
Segment operating (loss) / profit before tax	(4,006,639)	1,323,749	(1,557,222)	(4,240,112)
Segment assets	211,567	3,527,792	8,273,930	12,013,289

(i) Interest income includes $5,886 in relation to R & D grant income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

29. SEGMENT REPORTING (CONTINUED)

For the year ended 30 June 2016	**XPLAN & eLMS – Enzumo**	**Superannuation Services – Chant West**	**Corporate**	**Total**
	$	**$**	**$**	**$**
Revenue				
From external customers	3,169,119	3,318,936	-	6,488,055
From other segments	-	-	-	-
Segment revenues	3,169,119	3,318,936	-	6,488,055
Interest income	998	28,223	2,291	31,512
Other income	-	-	58,562	58,562
Total revenue	3,170,117	3,347,159	60,853	6,578,129
Segment operating (loss) / profit before tax	(764,414)	1,143,525	(2,729,403)	(2,350,292)
Segment assets	2,638,265	4,706,422	9,568,866	16,913,553

(a) Superannuation services include the revenue and operating profit of Chant West from 1 December 2015 (7 months).

(b) The segment operating loss for Corporate and Other includes net operating costs of $1,329,169 and cost of business acquisitions of $1,400,234.

30. PARENT ENTITY INFORMATION

(a) Summary of financial information	**2017 $**	**2016 $**
Statement of Financial Position		
Current assets	76,005	681,033
Non-current assets	10,299,390	17,081,737
Total assets	10,375,395	17,762,770
Current liabilities	177,062	910,381
Non-current liabilities	2,025,461	-
Total liabilities	2,202,523	910,381
Share capital	64,929,058	64,929,058
Reserves	128,000	128,000
Accumulated losses	(56,884,186)	(48,204,669)
Shareholders' equity	8,172,872	16,852,389
Statement of Comprehensive Income		
Operating profit (loss) for the year	(8,679,518)	(2,324,693)
Total comprehensive expense	(8,679,518)	(2,324,693)

(b) Guarantees entered into by the parent entity

The parent entity has not provided financial guarantees to external parties.

(c) Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

30. PARENT ENTITY INFORMATION (CONTINUED)

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2017 or 30 June 2016.

(e) Receivables from subsidiaries

Receivables from entities within the wholly owned group arise from Enzumo Limited funding development and other significant items of expenditure for its subsidiaries. The non-interest bearing intercompany loan is repayable when the subsidiary is in a financial position to repay. Due to the nature of the receivable balances, no collateral or security is held.

Management has assessed the recoverability of the parent entity loans to its subsidiaries and a provision of doubtful debts for $3,980,329 was raised as at 30 June 2017.

(f) Investments in subsidiaries

Management has assessed the parent entity investments in Enzumo Corporation Pty Ltd, Enzumo Consulting Pty Ltd and Enzumo LMS Solutions Pty ltd and made a decision to provide for the investments in the 3 subsidiaries for an amount of $4,071,260 as at 30 June 2017.

31. EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Enzumo Limited:
    a. The consolidated financial statements and notes of Enzumo Limited are in accordance with the Corporations Act, including:
        i) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the consolidated group;
        ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
    b. There are reasonable grounds to believe that Enzumo Limited will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2017.
3. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards

Signed in accordance with a resolution of the Directors

Niall Cairns
Non-Executive Chairman
Sydney, dated this 30 August 2017

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Independent Auditor's Report
To the Members of Enzumo Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Enzumo 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.

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.

Key audit matter	How our audit addressed the key audit matter
Going Concern (Note 1)	
The Group made a loss of $4,252,165 for the year ended 30 June 2017 and has accumulated losses of $11,897,196 as at 30 June 2017. The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgment required by us in evaluating the Group's assessment of going concern. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and judgments, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgment does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern.	Our procedures included, amongst others: • obtaining and reviewing managements cash flow forecast to assess whether current cash levels can sustain operations for a period of at least 12 months from the proposed date of signing the financial statements; • agreeing year end cash balances to third party independent confirmations received to gain comfort around the opening balances used in the cash flow forecast; • assessing the Group's current level of income and expenditure against management's forecast for consistency of relationships and trends to the historical results, results since year end, and our understanding of the business industry and economic conditions of the Group; and • assessing the adequacy of the related disclosures within the financial report.
Intangible assets – impairment testing (Note 11)	

The Group has intangible assets recorded on the Statement of Financial Position totalling $9,688,390, and an impairment expense of $3,842,608 was recognised during the year.
 	
These assets were evaluated for impairment in accordance with the requirements of AASB 136 *Impairment of Assets*.
 	
This area is a key audit matter due to the management judgement and assumptions applied in preparing a value-in-use model to satisfy the impairment test. Forecasting future cash flows and applying an appropriate discount rate inherently involve a high degree of estimation and judgement by management.
	Our procedures included, amongst others:
	• assessing and challenging:
	  ◦ the subsequent period budget by comparing the budget to the current year actuals;
	  ◦ the assumptions used for the growth rate by comparing the normalised average growth rate from 2013 to 2017 to the growth rate adopted in the impairment model;
	  ◦ the key assumptions for long term growth in the forecast cash flows by comparing them to historical results and industry forecasts; and
	  ◦ the discount rate applied by reference to the cost of capital of the Group.
	• testing the mathematical accuracy of the cash flow model;
	• agreeing the inputs in the cash flow models to relevant data including approved budgets and latest forecasts;
	• performing sensitivity analysis in relation to key assumptions including discount rate, growth rate and terminal value; and
	• assessing the adequacy of the related disclosures within the financial report.

Key audit matter	How our audit addressed the key audit matter
Capitalised development costs (Note 11)	
Capitalised development costs had a net carrying value of $1,509,646 at 30 June 2017. In accordance with AASB 138 *Intangible Assets*, specific criteria must be met in order to capitalise development costs. This area is a key audit matter due to subjectivity and management judgement applied in the assessment of whether costs meet the capitalisation criteria described in AASB 138.	Our procedures included, amongst others: • assessing the Group's accounting policy in respect of product development costs for adherence to AASB 138; • testing a sample of amounts capitalised to supporting documentation and assessing compliance with the recognition criteria of AASB 138; and • assessing the adequacy of the related disclosures within 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. The annual report is expected to be made available to us after the date of this auditor's report.

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 Company 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 10 to 15 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Enzumo Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company 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

C F Farley
Partner - Audit & Assurance

Sydney, 30 August 2017

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. All information is current as at 25 July 2017.

1. LARGEST SHAREHOLDERS

The names and holdings of the twenty largest holders of ordinary shares are listed below:

	Shareholder	Holding	%
1.	KESTREL GROWTH COMPANIES LTD	9,610,000	10.07
2.	ENZUMO GROUP PTY LIMITED <ELMS SOLUTIONS UNIT A/C>	8,339,286	8.74
3.	ENZUMO GROUP PTY LIMITED <ENZUMO CONSULTING UNIT A/C>	8,339,286	8.74
4.	CARNETHY EVERGREEN PTY LTD <CARNETHY EVERGREEN FUND A/C>	5,822,159	6.10
5.	WARREN ROY CHANT	3,680,000	3.86
6.	ANDREA PATRICIA WEST	3,680,000	3.86
7.	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,613,745	3.79
8.	PARMELIA PTY LTD	2,009,460	2.11
9.	PARMELIA PTY LTD <REILLY FAMILY SUPER FUND A/C>	1,785,714	1.87
10.	MR DAVID EDGLEY + MRS LOUISE EDGLEY	1,545,500	1.62
11.	GUMBALIE PTY LTD <SHORT TERM TRADING A/C>	1,521,374	1.59
12.	SEAFIELD SUPERANNUATION PTY LTD <GRAYS SUPERANNUATION FND A/C>	1,517,865	1.59
13.	K M FITZPATRICK & ASSOCIATES PTY LTD <KM FITZPATRICK FAMILY A/C>	1,322,546	1.39
14.	MANGO BAY ENTERPRISES INC	1,206,816	1.26
15.	TALBOT GROUP INVESTMENTS PTY LTD	1,183,066	1.24
16.	HIMSTEDT & CO PTY LTD <THE HIMSTEDT FAMILY A/C>	785,000	0.82
17.	ELEVENTH KLINGON PTY LTD <LESTER FAMILY SUPER FUND A/C>	757,144	0.79
18.	RACT SUPER PTY LTD <RAND SUPER FUND A/C>	750,000	0.79
19.	SAMADA STREET NOMINEES PTY LTD <GILES FMAILY NO 2 A/C>	677,864	0.71
20.	LISA MARIE CHADWICK	675,000	0.71
		58,821,825	61.62

ADDITIONAL SECURITIES EXCHANGE INFORMATION

2. SUBSTANTIAL SHAREHOLDERS

Details of substantial holders in the Company are listed below:

	Shareholder	Relevant interest (No.shares)	% of Issued Capital
1.	KESTREL GROWTH COMPANIES LTD	9,610,000	10.07
2.	ENZUMO GROUP PTY LIMITED <ELMS SOLUTIONS UNIT A/C>	8,339,286	8.74
3.	ENZUMO GROUP PTY LIMITED <ENZUMO CONSULTING UNIT A/C>	8,339,286	8.74
4.	CARNETHY EVERGREEN PTY LTD <CARNETHY EVERGREEN FUND A/C>	5,822,159	6.10

3. DISTRIBUTION OF SHAREHOLDERS

(a) Analysis of ordinary shareholders by size of holding

Category of holding	Number of holders	Number of shares	% of issued capital
1 - 1,000	193	83,834	0.09
1,001 – 5,000	137	388,553	0.41
5,001 – 10,000	91	811,766	0.85
10,001 – 100,000	293	12,066,521	12.64
100,001 and over	129	82,108,253	86.01
	843	94,458,927	100

(b) At 30 June 2017, 354 shareholders held less than a marketable parcel of ordinary shares based on the market price of $0.06 per share.

4. OPTION HOLDINGS

The Company has on issue 4,650,000 unlisted options over unissued ordinary shares in the Company held by 5 holders.

5. ON-MARKET BUYBACK

The Company does not have an on-market buy-back in operation.

6. CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement and Policies can be found at its website www.enzumo.com.

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