Novatti
INNOVATION FOR PAYMENTS

ASX:NOV ABN 98 606 556 183

ANNUAL Report 30 June 2016

Välkomna
歡迎
स्वागत
أهلا بكم
ਜੀ ਆਇਆਂ ਨੂੰ
خوش آمدید
Bienvenido
بسم الله سائين
Welcome
ברוכים הבאים
Witamy
Καλώς Ήλθατε
Karibu
Bienvenue
Selamat datang
Pasok po kayo
Benvenuto
欢迎
Добро пожаловать

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Directors	Peter Pawlowitsch Peter Cook Brandon Munro Paul Burton Kenneth Lai	
Company secretary	Ian Hobson	
Registered office	**Australia** Suite 5 95 Hay Street Subiaco WA 6000	**United Kingdom** 153 Stafford Road Wallington, Surrey SM6 9BN
Principal place of business	**Australia** 1st Floor Legacy House 293 Swanston Street Melbourne VIC 3000 +61 3 9011 8490	**United Kingdom** 20 Nugent Road Guilford GU2 7AF +44 7733 057233
Share register	**Automic Registry Services** Suite 1A, Level 1, Ventnor Avenue, West Perth WA 6005, +61 8 9324 2099	
Auditor	**William Buck** Level 20, 181 William Street, Melbourne Vic 3000	
Solicitors	**Milcor Legal** Level 1, 6 Thelma Street, West Perth WA 6005	
Bankers	**National Australia Bank** Level 1, 330 Collins Street, Melbourne VIC 3000	
Stock exchange listing	Novatti Group Limited shares are listed on the Australian Securities Exchange (ASX code: NOV)	
Website	www.novatti.com www.novatti.com/investors/corporate-governance	
Australian Financial Services Licence	AFSL No. 448066	
Financial Conduct Authority	FCA No. 900631 as an appointed representative of CFS-ZIPP Ltd (FCA No. 900027) for issuance of e-money products	

Chairman's Letter

Dear fellow shareholder,

It has been an exciting year for Novatti with the Company's listing on the ASX in January 2016. Since then, Novatti has been focused on its growth strategy as detailed in its December 2015 Replacement Prospectus. A key focus has been on growing our Transaction Services business, in addition to expanding the Novatti Platform's reach.

For the financial year ended 30 June 2016, Novatti reported revenue of $4.87M, an increase of 56% over FY15's revenue of $3.12M. Earnings before interest and tax was a loss of $4.87M which included non-cash expenses of approximately $0.96M (including options and performance share expenses, deemed equity consideration on the reverse acquisition of Novatti Pty Ltd and the write-off of Novatti Group's equity interest in one of its Joint Ventures, High Impact Ltd).

Highlights for the year included:

- Received $7m through an Initial Public Offering
- Launch of Flexepin into Australia and Canada and the growing number of merchants accepting Flexepin as a method of payment
- Securing access to an e-money licence in the United Kingdom and passporting into Europe; allowing us to distribute of Flexepin cash vouchers
- Commencing transactions (in July 2016) in Malaysia through our 50% owned joint venture
- Delivering the project for government-owned telecommunication provider in Tanzania
- Securing new SaaS clients in the Asia Pacific region
- The appointment of two non-executive directors, Mr Paul Burton and Mr Kenneth Lai, with extensive global experience within the payments industry

The Board and Management of your Company are focused on ensuring that long-term growth for shareholders remains paramount with some key objectives over the coming year being:

- Consolidating our suite of product and service offerings on the back of delivering a telco-based project in Tanzania
- Expanding our footprint with key staff in the European and North American regions for the Flexepin product
- Further expanding our recurring transaction revenues
- Expanding our global reach for the Novatti enterprise solution with key people in South Africa and Latin America

On behalf of the Board, I would like to thank all the staff and contractors for their contribution to the continuing development of the Group. Also, I would like to extend my appreciation to the shareholders for their continued support, and we look forward to 2017 being an exciting year for the payments industry and the Group.

Peter Pawlowitsch

Chairman

Review of Operations

OVERVIEW

Novatti Group, founded in 2002 and listed on the ASX in 2016, is an award-winning global financial transaction software technology and payment services provider. The Novatti Platform, which enables telecommunication operators and other alternate payment providers drive value from digital financial transactions, is the catalyst of the Group. The Platform is leveraged in all aspects of the business by providing digital wallets and new types of payment methods alongside traditional payment options.

NOVATTI DIGITISES CASH BY:

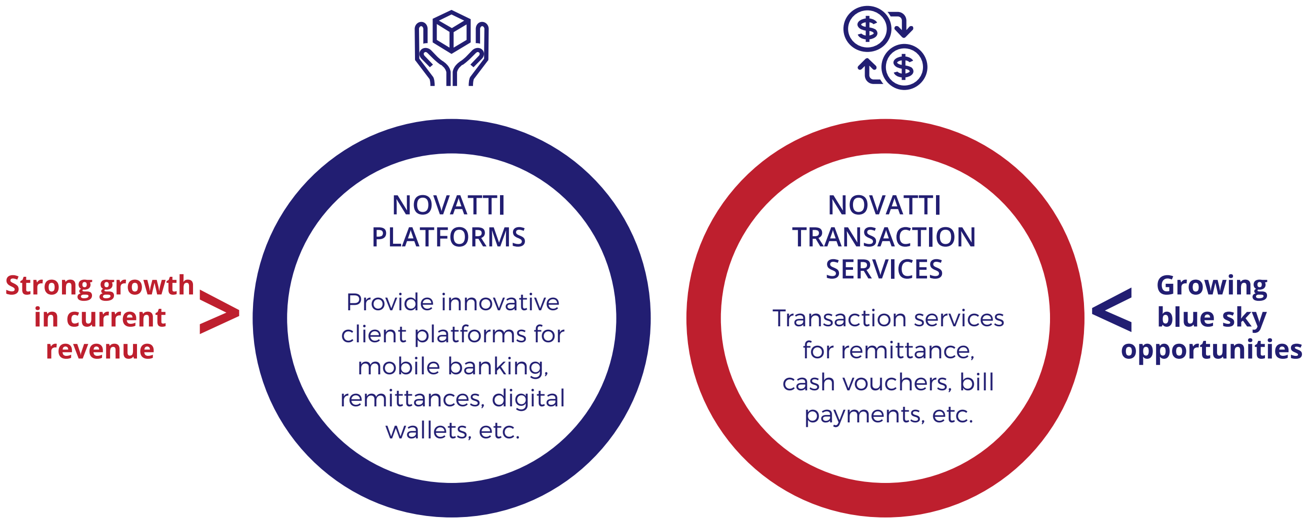
- **Partnering with global strategic stakeholders or acquisition opportunities**
- **Empowering the global trend towards a cashless society**
- **Giving financial institutions the ability to expand their offering, and acquire new market segments at a low cost**
- **Providing technologies and products to enable the move to digital cash**
- **Giving non-financial companies new income streams and capabilities**
- **Enabling governments, enterprises & consumers to move to mobile financial services**
- **Reducing risk of fraud**

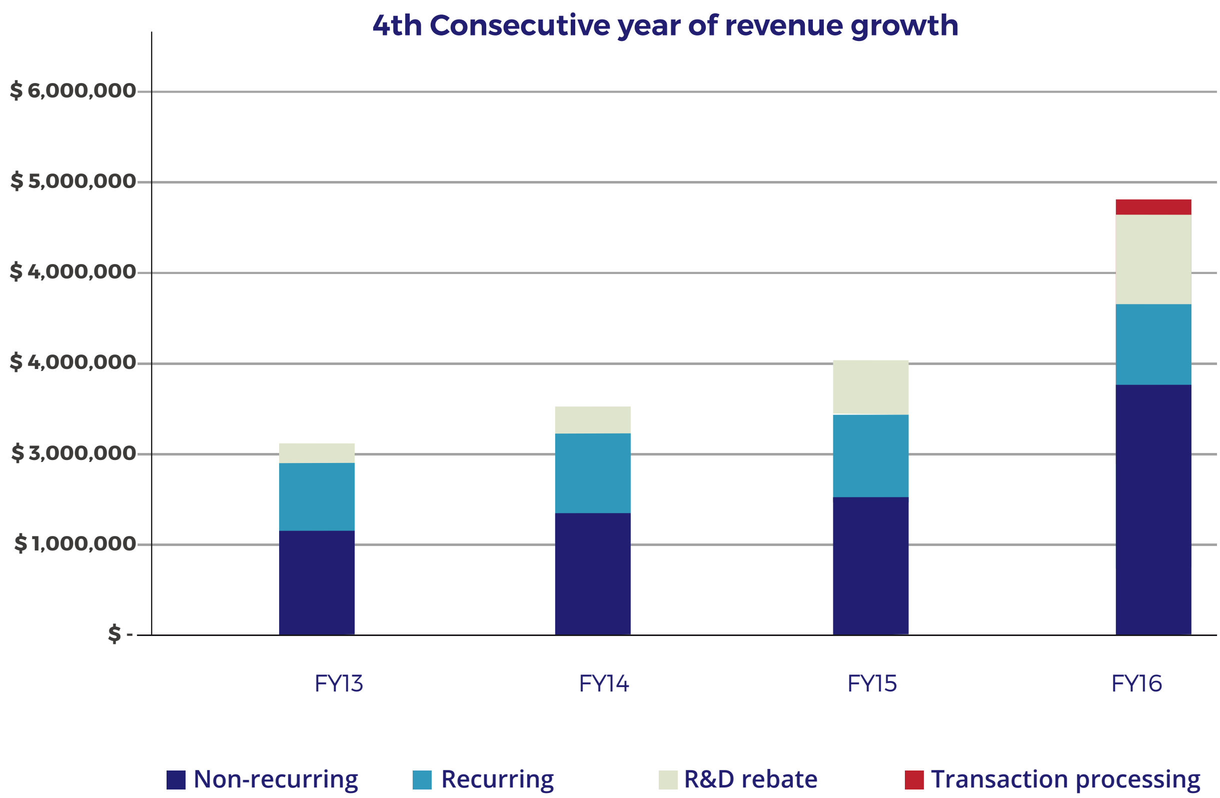
CORPORATE:

Date	Number of Shares – Novatti Group Ltd	Summary
19 June 2015	1,250,000	Incorporation of Novatti Group Ltd.
28 September 2015	40,000,000	Novatti Group Limited acquired all the shares in Novatti Pty Ltd on a scrip for scrip basis on 28 September 2015.
31 October 2015	3,125,000	Loans provided by entities associated with Novatti Group Limited directors, Peter Cook, Brandon Munro and Peter Pawlowitsch to Novatti Pty Ltd converted into shares within Novatti Group Limited at $0.16 per share.
31 October 2015	3,555,206	Loan provided by Novatti Pty Ltd shareholder, Brayter Ltd, to Novatti Pty Ltd converted into shares within Novatti Group Limited at $0.16 per share.
31 October 2015	2,391,120	$250,000 in non-current liabilities and $132,579 in trade payables to director related Coomar Pty Ltd outstanding as at 30 June 2015 was assigned to director related Corangamite Pty Ltd in accordance with a Deed of Assignment of Debt dated 31 October 2015 between the two parties and was converted to equity at $0.16 per share.
23 November 2015	2,562,500	Issue of shares at $0.16 per share as pre IPO capital received by Novatti Group Limited.
18 January 2016	35,000,000	Issue of 35 million shares from IPO at $0.20 per share.

Business Operations

FY16 has been a year of transformation for the Group, with the necessary activities to prepare for the Initial Public Offering (IPO), the expansion of the sales and marketing resources for the Novatti Platform technology offerings and the commencement of businesses that create financial Transaction Processing revenues. The Group has deployed the Novatti Platform into its controlled subsidiaries TransferBridge, Flexewallet and Flexe Payments as well as its Joint Ventures, High Impact and Novatti (Malaysia), where the platform generates income on a transactional basis. The Group continues to invest in growth and expansion for transaction service-based products.





THE NOVATTI PLATFORM

"The Novatti Platform empowers new cost-effective payment options."

The Novatti Platform is the technology foundation of the Group and enables a vast variety of solutions, which have been developed and refined over many years. The platform offers highly scalable transaction processing and stored value account management systems. The Novatti Platform is deployed with an array of mobile and alternative payment functionality to telecommunication and financial service companies globally. The platform can be implemented across an expansive range of internal and external systems such as banks, ATMs, Point of Sale (POS) terminals, mobile phones, web portals, POS systems, prepaid and post-paid billing systems, and telecommunications infrastructure. Novatti is focused on increasing financial inclusion to unbanked or underbanked societies in developing nations with minimal access to traditional bank accounts. The innovative technologies enable new and cost-effective payment service to solve the needs in emerging marketplaces, where the internet and mobile penetration is rapidly growing.

The Novatti Platform consists of a variety of software modules. Each module can be delivered as a standalone solution or integrated with another module (including existing systems) utilising a common backbone messaging system. The individual modules can be implemented to support the following payment applications:

- Digital wallets
- Mobile money
- Voucher management
- Distribution and activation of virtual and physical vouchers such as prepaid gift cards or prepaid debit cards
- Airtime distribution (also known as e-top-up, pin-less top-up, mobile top-up or mobile recharge)
- International and domestic bill payments
- International and domestic remittances
- Agency banking to enable branchless banking in remote or isolated areas

TEAM

The Novatti Platform teams has expanded on all fronts. The sales team has extended their reach with additional representatives in Colombia and South Africa. Development has increased in capacity in Melbourne and established a new development centre in Vietnam.

CONTRACT FROM LEADING TANZANIAN TELECOM

The Tanzania Telecommunications Company Limited (TTCL) project provides an example of our state-of-the-art payment and mobile banking platform and shows our strong understanding of building robust mobile money systems.

In July 2015, Novatti was appointed to supply a mobile money and mobile banking platform for TTCL in Tanzania. The Novatti Platform will enable TTCL to enter the mobile money marketplace.

NOVATTI SECURES NEW CLIENTS IN ASIA

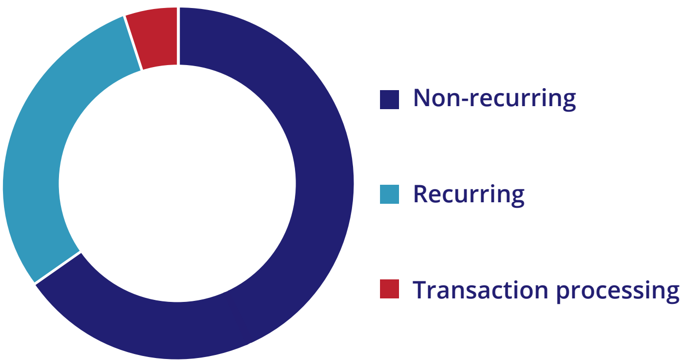
Establishing a relationship with a top tier aviation company in Hong Kong is a crucial milestone as it allows Novatti to enter the aviation industry. Novatti is also commissioned by industry payment and distribution drivers in China and Malaysia to launch the Novatti Platform within the region.

Novatti is especially encouraged by the recurring nature of these contracts which shows a need to use the Novatti Platform in the day to day operations of their respective businesses.

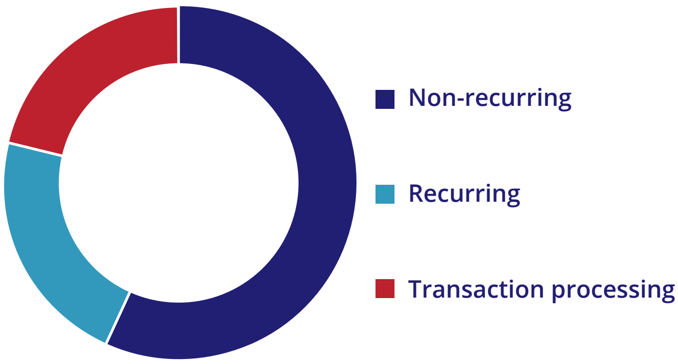
TRANSACTION SERVICES

During the year, the Group successfully launched its Transaction Services division and as shown in the image below, the percentage of revenue from this division is expected to grow to in FY17.

FY16 REVENUE BREAKDOWN



FY17E REVENUE BREAKDOWN



The Transaction Services division operates under a number of different brands.

Novatti™ offering white-label or direct-to-market services

Transaction Processing services via Flexewallet™

Open-loop cash vouchers for online payments called Flexepin™

Remittance services via TransferBridge™

FLEXEPIN LAUNCHES

Flexepin vouchers provide customers with a secure and convenient way to make online purchases and to top up digital wallets and accounts, reducing the threat of online fraud. Novatti initially launched Flexepin in Australia with over 4,000 retailers.

"Flexepin successful launch in Australia provided the Group with a new scalable revenue source."

Flexepin entering the Canadian market represented the first region as part of their global rollout. Novatti signed a distribution agreement with Payment Source Inc to provide Flexepin with a significant and immediate presence in the Canadian market; where cash vouchers are an attractive proposition to millions of consumers looking for privacy and security in their online transactions. Payment Source has an extensive distribution network established with 15,000 retail points of presence throughout Canada.

The Flexepin team has also expanded with additional sales resources in both the UK and Canada. Flexepin's support and executive team have increased to help with the ongoing compliance and business operations.

PAYMENTS PILOT FOR PAKISTAN CONSUMERS

Novatti successfully integrated the Novatti Platform with a leading Pakistan banking services provider and local processor to launch a pilot, which will enable consumers in Pakistan to more easily purchase products such as Google Play, Netflix, iTunes vouchers and over 50 other products which are not currently sold domestically.

MALAYSIA JOINT VENTURE

Novatti formed a Joint Venture (JV) with ATX Malaysia Sdn Bhd and has launched a nationwide payment service in Malaysia. The JV facilitates the uptake of electronic transactions in Malaysia while aiding the growth of e-commerce and the mobile commerce industry in Southeast Asia.

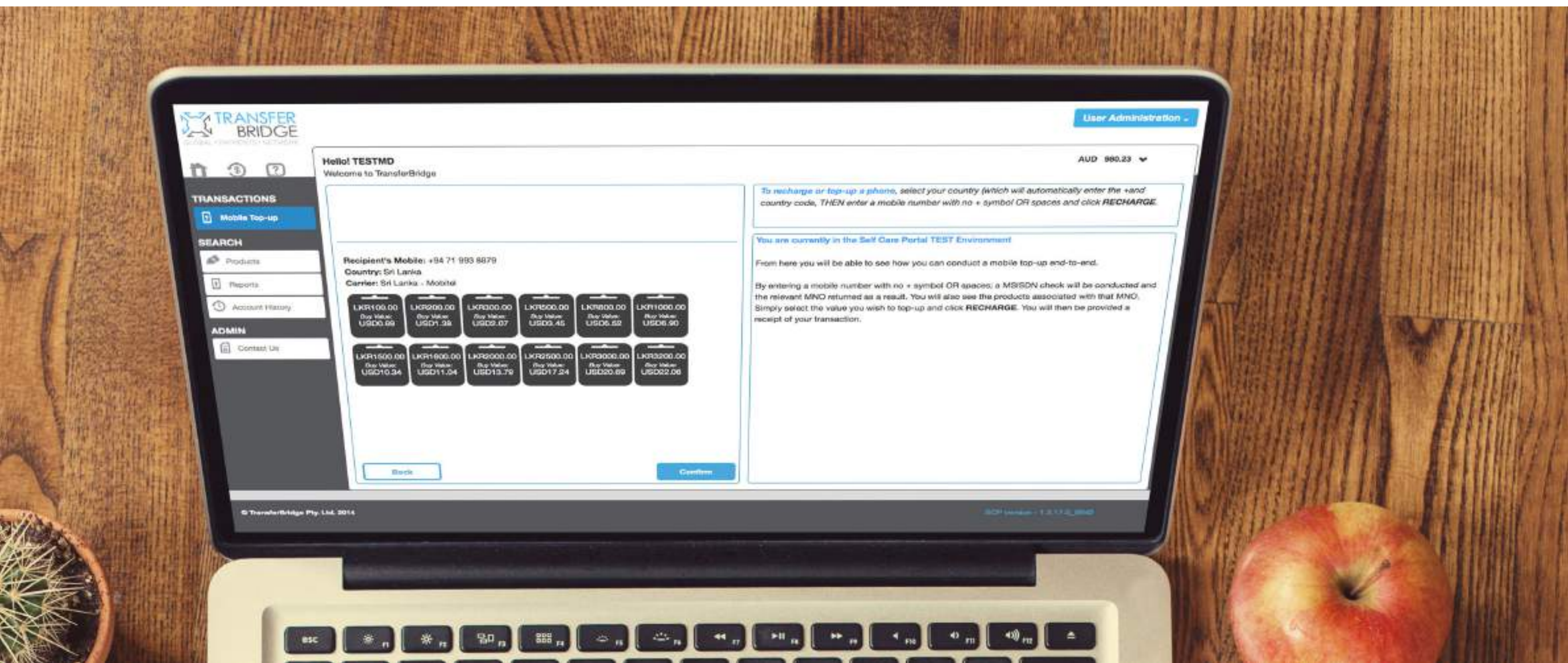
The JV revolutionises the payments ecosystem by providing multiple top-up and bill payment services to distributors and their extensive network of retailers, which were previously denied these services.

Novatti's platform utilises ATX's existing relationships; aiming to connect with approximately 20,000 retailers and product suppliers by the end of the 2016 calendar year. The JV enhances the distributor's retail network with a comprehensive range of supplier products. White label capabilities of the platform enable distributors to build their own electronic system with the security and privacy of in-house data and business processes. First transactions went through the platform in July 2016.

FINANCIAL LICENCES

Flexewallet holds an Australian Financial Services Licence (AFSL No. 448066) for non-cash payments, is registered with AUSTRAC and is a member of the Financial Ombudsman Scheme in Australia.

Flexe Payments is approved by the Financial Conduct Authority (FCA No. 900631) as an appointed representative of CFS-ZIPP Ltd (FCA No. 900027) for the issuance of e-money products. CFS-Zipp has passported the e-money licence it holds into all the states of the European Union, effectively allowing Flexe Payments (subject to the appropriate notification) to operate in these countries.



Directors' Report

Directors' Report

DIRECTORS

The following persons were directors of Novatti Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

PETER PAWLOWITSCH
(Appointed 19 June 2015)

BRANDON MUNRO
(Appointed 12 October 2015)

PAUL BURTON
(Appointed 31 May 2016)

PETER COOK
(Appointed 12 October 2015)

KENNETH LAI
(Appointed 31 May 2016)

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Novatti Group Limited (referred to hereafter as the 'Company', 'Novatti' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

INFORMATION ON DIRECTORS

Name:	Peter Pawlowitsch
Title:	Non-Executive Chairman
Qualifications:	BCom, MBA, CPA
Experience and expertise:	Peter is an accountant by profession, with extensive experience as a director and officer of ASX-listed entities. He brings to the team experience in operational management, business administration and project evaluation in the IT, hospitality and mining sectors gained during the last 15 years.
Other current directorships:	Chairman of Dubber Corporation Limited, and a non-executive director of Ventnor Resources Ltd and Knosys Limited.
Former directorships (last 3 years):	Department 13 Ltd (formerly Kunene Resources Ltd)
Special responsibilities:	None.
Interests in shares:	1,875,000 ordinary shares.
Interests in options:	1,000,000

Name:	**Paul Burton**
Title:	Non-Executive
Qualifications:	Chartered Accountant
Experience and expertise:	Paul has over 14 years of leadership experience in the payments industry and was the CEO of Datacash Group Plc, a payments gateway company bought by MasterCard. Datacash had a significant presence in Africa and Paul steered the company's expansion in that market.
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	None.
Interests in shares:	0 ordinary shares.
Interests in options:	5,000,000 vested. 750,000 subject to shareholder approval at the FY16 AGM.

Name:	**Kenneth Lai**
Title:	Non-Executive
Qualifications:	Bachelor of Science – Majoring in Computer Science
Experience and expertise:	MD of Hong Kong-based investment firm Prestige Team Limited, which has interests in payment processing, real estate, digital marketing and information technology support services.
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	None.
Interests in shares:	10,335,000 ordinary shares.
Interests in options:	750,000 subject to shareholder approval at the FY16 AGM.

Name:	Brandon Munro
Title:	Non-Executive
Qualifications:	BEco & Law, Post-Grad Applied Finance & Investment from the Securities Institute of Australia, GAICD, F.Fin
Experience and expertise:	Brandon is a corporate lawyer by profession with executive experience in the private equity, mining, infrastructure and IT sectors. Brandon brings regulatory, governance, mergers and acquisitions and capital markets knowledge to the team, as well as his own experience co-founding start-ups in the IT and exploration sectors. He commenced his career as a lawyer working for 7 years at premier Australian commercial law firms, following which he held executive management and director positions in the resource and infrastructure sectors, including private equity and funds management industry.
Other current directorships:	Managing Director of Bannerman Resources Ltd and a non-executive director of Rewardle Holdings Ltd.
Former directorships (last 3 years):	Department 13 Ltd (formerly Kunene Resources Ltd)
Special responsibilities:	None.
Interests in shares:	1,250,000 ordinary shares.
Interests in options:	1,000,000

Name:	Peter Cook
Title:	Managing Director and Chief Executive Officer
Qualifications:	BSc, Grad Dip Computing, Grad Dip Securities, GAICD
Experience and expertise:	Peter has over 25 years of experience as a director and executive with companies including Coopers & Lybrand (now PWC), Catsco Pty Ltd and Advanced Network Management Pty Ltd (Telstra joint venture company) and many start-up technology companies. Peter's career has been largely based on founding and leading multiple telecommunications and payments companies. Unidial Pty Ltd and Ezipin Canada Inc are such examples and all with successful exits to private and public companies. Peter was a non-executive Director and Deputy Chairman of ASX-listed Senetas Corporation Limited from June 1999 to January 2006.
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	None.
Interests in shares:	9,835,900 ordinary shares. Subsequent conversion of 872,004 Performance Shares as announced to the ASX on 16 September 2016. Total shares as at the date of this report, 10,707,904.
Interests in options:	5,000,000
Contractual rights to shares:	For the 2015/2016 financial year, Novatti Pty Ltd achieved invoiced or invoiceable revenue greater than $3.5 million but less than $4.0 million. In accordance with the Terms and Conditions relating to the Performance Shares as disclosed in the Replacement Prospectus at clause 13.2, the first milestone has been successfully satisfied, as announced to the ASX on 16 September 2016. Milestones two, three and four have not been satisfied and the Performance Shares have been redeemed. Further information relating to the Performance Shares can be found in Note 36 of this Financial Report.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARY

Ian Hobson was appointed Company Secretary on 12 October 2015 and holds a Bachelor of Business degree, is a Chartered Accountant and Chartered Secretary. Ian provides secretarial services and corporate, management and accounting advice to a number of listed companies. Ian's fees are based on a fee for service arrangement.

MEETINGS OF DIRECTORS

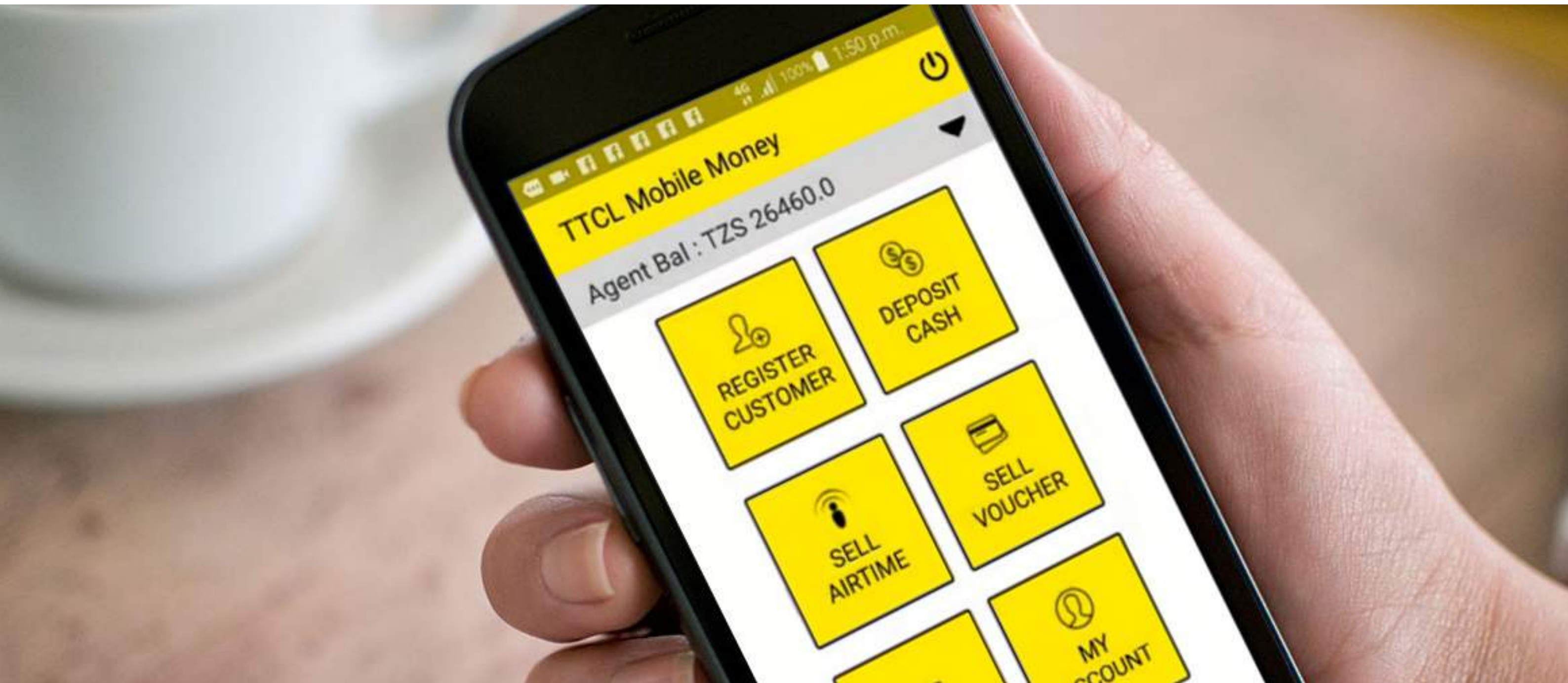
The number of meetings of the Company's Board of Directors (the 'Board') and of each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Attended	Held
Peter Pawlowitsch	3	3
Peter Cook	3	3
Brandon Munro	3	3
Paul Burton (Appointed 31 May 2016)	1	1
Kenneth Lai (Appointed 31 May 2016)	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The Company will not have a separate Audit and Risk Committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude, for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit functions.

The Board has not established a Nomination and Remuneration Committee as the role of the committee will be undertaken by the full Board.



Review of 2016 financial results

The loss for the Group after providing for income tax and non-controlling interest amounted to **($4,967,720)** across all regions to support growth.

The Group's Net Asset Position as at 30 June 2016 was **$4,263,762** with **$4,725,649**+ held in Cash or Cash equivalents.

The Group is debt free.

The earnings of the Group for 30 June 2016 is summarised below:

	2016 $	2015 $
Sales revenue and Other income^	4,871,209	3,120,094
EBITDA (underlying)*	(3,914,331)	(788,502)
Profit/(Loss) before Tax	(4,871,366)	(872,647)
Tax Expense	(96,354)	(71,526)
Net Profit/(Loss) after Tax	(4,967,720)	(944,173)
Cash+ Net Cash	4,725,649	279,284
Net Cash	4,329,344	183,852
Operating Cash flow	(2,740,040)	(513,507)

^ Other income as outlined in Note 5 of the financial statements.

* Underlying EBITDA excludes Option expenses, JV for High Impact write-off and deemed consideration for reverse acquisition.

+ Includes $396,305 of clients' funds held on trust under Flexewallet's CAPS1 program, (FY15, this was $95,432). These funds are distributed under instructions within 24 hours.

The factors that are considered to affect Total Shareholders Return ('TSR') are summarised below:

	2016 $	2015 $
Share price at financial year end[1]	0.14	-
Total dividends declared (cents per share)	-	-
Basic earnings per share (cents per share)	(9.06)	(2.36)

[1] The Group was not listed on the ASX in FY15.

Dividends

There were no dividends paid, provided nor declared as at 30 June 2016.

Reverse Acquisition that is not a business

Novatti Group Limited was incorporated on 19 June 2015. On 28 September 2015 Novatti Group Limited entered into a Share Purchase Agreement with the equity holders of Novatti Pty Ltd to acquire, via a share for share scrip rollover, all the shares in Novatti Pty Ltd. For accounting purposes this transaction is a reverse acquisition that is not a business. Novatti Group's listed equity value at the time of incorporation has been eliminated on consolidation.

During the audit of the annual report of Novatti Group Ltd, the Company discovered that an error had been made in relation to accounting for the share based transaction whereby Novatti Group Ltd obtained control of Novatti Pty Ltd in the 31 December 2015 half year financial statements.

The transaction was not originally classified as a reverse acquisition that is not a business; however, it has now been determined that it was. As such, comparative information for the accounting acquirer (Novatti Pty Ltd) was not included in the half year financial statements as issued on the 18 February 2016.

The 31 December 2015 half year financial statements were restated to reflect the appropriate accounting treatment and were subsequently re-issued on 31 August 2016.

The changes to the respective entity's previous accounting arrangements and their effect on the financial position of the integrated entity, are set out in more detail in the notes to the accounts.

Significant changes in the state of affairs

Flexe Payments Ltd was incorporated within the UK in April 2016. On 25 May 2016, this entity (FCA No. 900631) was approved by the Financial Conduct Association (FCA) as an appointed representative of CFS-Zipp (FCA No. 03925386), a licenced e-money product issuer.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

For the 2015/2016 financial year, Novatti Pty Ltd had invoiced or invoiceable revenue greater than $3.5 million but less than $4.0 million. In accordance with the Terms and Conditions relating to the Performance Shares as disclosed in the Replacement Prospectus at clause 13.2, the first milestone has been successfully satisfied, as announced to the ASX on 16 September 2016.

Novatti Technologies Ltd, a 100% owned subsidiary of Novatti Group Ltd, was incorporated in the UK in August 2016.

No other matter or circumstance has arisen since 30 June 2016 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.

Likely developments and expected results of operations

The Group will continue its principal activity of sales and deploying the Novatti Platform and increase transaction services.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations 2001.

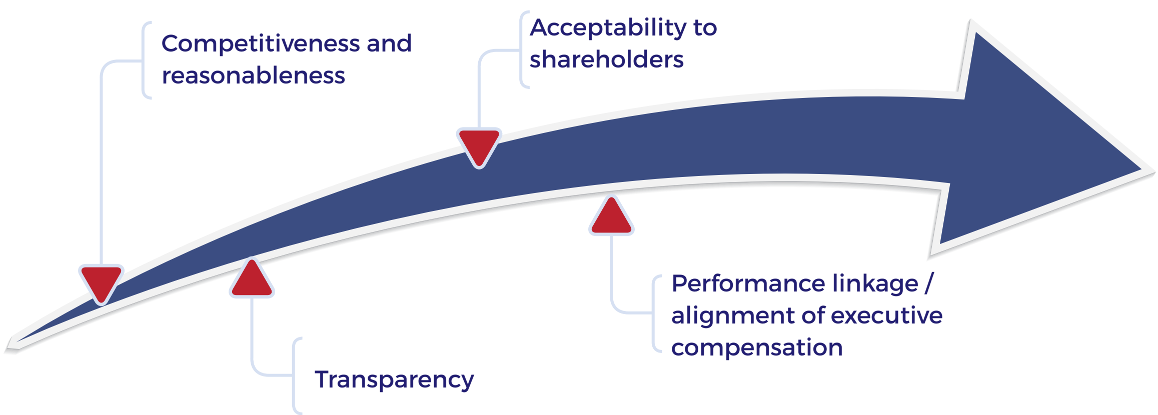
Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

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



As there is currently no Nomination and Remuneration Committee, the full Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The full Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

Alignment of shareholders' interests:

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

In accordance with best practice corporate governance, the remuneration structure of non-executive directors and executives are separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on similar roles in the external market. The Chairman is not present at any discussions relating to the determination of his remuneration. Non-executive directors do receive share options.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. As the Company has not had a general meeting, the total maximum remuneration of non-executive directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The amount has been set at an amount not to exceed $500,000.

Executive remuneration

The Company's remuneration policy for executive directors and senior management is designed to promote superior performance and long-term commitment to the Company.

Remuneration policies and arrangements for the Key Executive Members of the Group including the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and the Chief Executive Transaction Processing Services are reviewed by the Board and ratified each year.

The Group rewards its executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- Fixed remuneration including base pay and non-monetary benefits,
- Short-term performance incentives,
- Long-term incentives, and
- Other remuneration such as long service leave.

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

The following table illustrates how the Company's remuneration strategy aligns with the Company's strategic direction and links remuneration outcomes to performance:

Novatti Group's business objective:

To provide telecom operators and financial institutions innovative financial services such as mobile money, mobile banking, remittances and digital wallets. Novatti's divisions extend market reach by providing FinTech solutions that reduce costs to acquire and manage a previously underserved market.

Remuneration Strategy linkages to business objective:

Align the interests of executives with shareholders	Attract, motivate and retain high performing individuals
The remuneration strategy incorporates "at-risk" components, including both short and long-term elements delivered in equity.	Remuneration is competitive with companies of a similar size and complexity.
Performance is assessed against a suite of financial and non-financial measures relevant to the success of the Company and generating returns for shareholders.	Deferred and long-term remuneration is designed to encourage long term consistent performance and employee retention.

Remuneration component	Vehicle	Purpose	Link to Performance
Fixed Remuneration	Consisting of base salary, superannuation and non-monetary benefits. Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.	To provide competitive fixed remuneration set with reference to role, market, experience and performance.	Reviewed annually by the Board, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.
Short Term Incentive	Is paid in cash.	This is designed to reward executives for their contribution to the achievement of annual Group, business unit and individual outcomes.	Directly linked to pre-agreed KPIs. Reviewed regularly with the relevant executive member. Final performance is determined by the Board.
Long Term Performance	Equity including Options and Shares and/or rights.	Reward executives for their contribution to the creation of shareholder value over the longer term.	It aims to align the targets of the business units with the targets of those executives responsible for meeting those targets.
Other Remuneration	Long service leave.		

Details of the incentive plans used

SHORT TERM INCENTIVE PROGRAM (STI):

The STI Program awards a cash bonus based on key members achieving targets from a Group, Business Unit and individual perspective.

STI awarded to each executive depends on the extent to which specific targets set at the beginning of the financial year by the Board are met. Targets are set by a cascading process from the Board through the executive group.

The targets consist of financial and non-financial Key Performance Indicators (KPIs). These may include but are not limited to:

- Product management and project platform implementation,
- Financial and Business Unit operational targets linked to the achievement of the Group's growth in annual sales revenue and controllable financial drivers including cash, market growth (including geographical market growth), expense management control and capital management improvement,
- Corporate development matters including employment, retention, and remuneration of core personnel, leadership and succession, cultural development and communication activities, and
- Establishment of business operational frameworks and procedures as well as Risk Management in respect of financial and operational issues.

These measures were chosen as they represent the key drivers for the short term success of the business and provide a framework for delivering long term value.

LONG TERM INCENTIVE PROGRAM (LTI)

LTI awards are issued annually to executives and are provided in order to align the remuneration of Key Executive Members with the creation of shareholder value. LTI comprise equity instruments including shares and options, where the incentive involves the time-based vesting of options on the basis that the executive or employee continues to be employed by the Group and are eligible under the Company's Employee Share Plan (ESP) and or Option Plan (ESOP).

The vesting of these awards is dependent on the length of time and service of the executive or employee, and alternatively, they can also be awarded at the discretion of the Board.

The achievement of the Group's strategic and financial objectives is the key focus of the efforts of the Company. As indicated above, over the course of each financial year, the Board reviews the Company's executive remuneration policy to ensure that the remuneration framework remains focused on driving and rewarding executive performance, while being closely aligned to the achievement of Group strategic objectives and the creation of shareholder value.

LTI are based on participation within Novatti's ESP and or ESOP. LTI, based on equity remuneration (being either the issue of securities, issue of performance shares and or rights or the issue of options), are made in accordance with thresholds as set out in this financial plan. By using the Group's ESP and or ESOP to offer shares and options to employees, the interest of employees is aligned with shareholder wealth. A copy of the ESP and ESOP can be found via the Group's website.

The table below sets out the summary information for key executives of their Options' vesting and their lapsing date of options as LTI awards for FY16.

Name	Start date	LTI award no of Options	No of Options vested in 2016	Lapsing date for Options
Peter Cook^	12 Nov 2015	5,000,000	5,000,000	30 Jun 2019
Alan Munday*	12 Nov 2015	750,000	-	30 Jun 2019
Steven Stamboultgis*	12 Nov 2015	600,000	-	30 Jun 2019
Paolo Montessori*	3 Feb 2016	5,250,000	-	30 Jun 2019
Total		**11,600,000**	**5,000,000**	

^Total Options issued have vested for the year ended 30 June 2016, however, are in escrow as per the terms of their agreements for a period of 24 months and may be exercisable after escrow and before 30 June 2019.
*Options are exercisable at $0.20 and vest over three equal tranches on 1 July 2016, 1 July 2017 and 1 July 2018.

In 2015, Novatti did not have an ESOP or ESP. There were also no LTI programs for management.

The results of the STI financial performance measures are listed below. These measurement methods were selected as they directly reflect whether the STI performance targets have been met or not, as set by the Board.

Discretionary bonuses were awarded to Peter Cook ($109,500), Alan Munday ($72,000) and Paolo Montessori ($30,000). The bonus therefore vested 53% during the financial year ended 30 June 2016. Peter's bonus was awarded for achieving key performance indicators as determined by the Board on an annual basis. The bonuses for Alan and Paolo were awarded for achieving key performance indicators set on an annual basis by the Managing Director within pre-determined limits set by the Board.

FY15 Business Unit performance measures:

Executive	Business unit	Performance measure
Peter Cook	Novatti Group	Based on management criteria as evaluated by the Board based on qualitative and quantitative performance measures and Group performance.

Details of remuneration

AMOUNTS OF REMUNERATION

Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of Novatti Group Limited:

- Peter Pawlowitsch – Non-Executive Chairman
- Peter Cook – Managing Director and Chief Executive Officer
- Brandon Munro – Non-Executive Director
- Kenneth Lai – Non-Executive Director
- Paul Burton – Non-Executive Director

Other key management personnel:

- Alan Munday – Group Chief Operating Officer
- Steven Stamboultgis – Chief Financial Officer
- Paolo Montessori – Chief Executive Transaction Processing Services

	Cash salary & fees	Cash bonus	Non-monetary	Long service leave	Options exp in yr Equity-settled	Super annuation	**Total**	Cash bonus paid or payable	Cash bonus forfeited	Fixed Rem	At risk STI	At risk LTI	Options as a proportion of total rem
2016	$	$	$	$	$	$	$	%	%	%	%	%	%
Non-Executive Directors:													
Peter Pawlowitsch (Chairman)	27,016	-	-	-	14,570	2,566	**44,152**	-	-	67%	-	33%	33%
Kenneth Lai[2]	-	-	-	-	725	-	**725**	-	-	-	-	100%	100%
Paul Burton[3]	-	-	-	-	73,577	-	**73,577**	-	-	-	-	100%	100%
Brandon Munro	16,625	-	-	-	14,570	1,579	**32,774**	-	-	56%	-	44%	44%
Executive Directors:													
Peter Cook[4]	254,444	109,500	3,709	412	72,851	19,306	**460,222**	50%	50%	37%	47%	16%	16%
Other Key Management Personnel:													
Alan Munday	203,957	72,000	-	335	10,927	19,376	**306,595**	90%	10%	70%	26%	4%	4%
Steven Stamboultgis	158,989	-	-	169	8,742	10,411	**178,311**	-	-	95%	-	5%	5%
Paolo Montessori	104,167	30,000	-	-	49,787	-	**183,954**	30%	70%	19%	54%	27%	27%
	765,198	**211,500[5]**	**3,709**	**916**	**245,749**	**53,238**	**1,280,310**						

	Cash salary & fees	Cash bonus	Non-monetary	Long service leave	Options exp in yr Equity-settled	Super annuation	**Total**	Cash bonus paid or payable	Cash bonus forfeited	Equity bonus paid or payable	Equity bonus forfeited	Fixed Rem	At risk STI	Options as a proportion of total rem
2015*	$	$	$	$	$	$	$	%	%	%	%	%	%	%
Executive Directors:														
Peter Cook[6]	193,012	38,500	382,579	-	-	-	**614,091**	10%	5%	73%	12%	35%	65%	-
Other Key Management Personnel:														
Alan Munday	18,124	-	-	228	-	1,722	**20,074**	-	-	-	-	100%	-	-
	211,136	**38,500**	**382,579**	**228**		**1,722**	**634,165**							

* There were no non-executive directors appointed in the prior financial period. FY15 relates to the accounting parent.

In FY15, there was no LTI program established. One hundred percent of Alan Munday's remuneration package was Fixed Remuneration.

[2] Kenneth Lai's remuneration is by way of 750,000 options vesting over a 12 and 24 month vesting period. The granting of the options is subject to shareholder approval at the FY16 AGM.

[3] Paul Burton's remuneration is by way of 750,000 options vesting over a 12 and 24 month vesting period. The granting of the options is subject to shareholder approval at the FY16 AGM.

[4] Peter Cook was rewarded 872,004 Performance Shares, as announced to the ASX on 16 September 2016. See Note 36 for further details.

[5] $211,500 was unpaid as at 30 June 2016, however, it had been accrued as at 30 June 2016.

[6] Bonuses relating to Peter Cook for the FY14 and FY15 periods were paid out in FY15. $130,000 related to FY14 and $200,000 for FY15 bonuses. Of the $330,000 paid out as bonuses, $291,500 was converted to equity in the form of shares. An additional $91,079 of Peter's cash salary value was converted to equity (2,391,120 ordinary shares at $0.16) and $38,500 was paid out as cash.

SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Peter Cook
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	20 November 2015
Term of agreement:	The term is not fixed.
Remuneration:	Base salary of $273,750 (including superannuation). 5 million Options each exercisable at $0.20 on or before 30 June 2019 (as set out in Section 13.3 of the Replacement Prospectus dated 8 December 2015).
Bonus:	The executive bonus structure targets are reviewed annually with both parties acting in good faith and reflecting the current needs of the business. The performance bonus can be up to up to $219,000 (including statutory superannuation).
Termination:	The agreement may be terminated, (A) by either party without cause with six months' notice, or at the election of Novatti, immediately with payment in lieu of six months' notice (subject to the limitation of the Corporations Act and Listing Rules). (B) by Novatti on one months' notice, if the executive is unable to perform his duties due to illness, accident or incapacitation, for three consecutive months or a period aggregating more than three months in any 12-month period.

Name:	**Alan Munday**
Title:	Group Chief Operating Officer
Agreement commenced:	20 November 2015
Term of agreement:	The term is not fixed.
Remuneration:	Base salary of $220,000 (including statutory superannuation), 750,000 Options, each exercisable at $0.20 on or before 30 June 2019, vesting over three equal tranches on 1 July 2016, 2017 and 2018, if the employment has not terminated by the relevant date, on the same terms and conditions (as set out in Section 13.3 of the Replacement Prospectus dated 8 December 2015).
Bonus:	The executive bonus structure targets are reviewed annually with both parties acting in good faith and reflecting the current needs of the business. The performance bonus can be up to up to $80,000 (including statutory superannuation).
Termination:	The agreement may be terminated, (A) without cause, with three months' notice from the Company or two months' from the executive, or payment in lieu of notice at the Company's election (subject to the limitation of the Corporations Act and Listing Rules). (B) by Novatti on one months' notice, if the executive is unable to perform his duties due to illness, accident or incapacitation, for three consecutive months or a period aggregating more than three months in any 12-month period or (C), summarily following material breach or in the case of serious misconduct.

Name:	**Steven Stamboultgis**
Title:	Chief Financial Officer
Agreement commenced:	20 November 2015
Term of agreement:	The term is not fixed.
Remuneration:	Base salary of $180,000 (including statutory superannuation) and 600,000 Options, each exercisable at $0.20 on or before 30 June 2019, vesting over three equal tranches on 1 July 2016, 2017 and 2018, if the employment has not terminated by the relevant date, on the same terms and conditions (as set out in Section 13.3 of the Replacement Prospectus dated 8 December 2015).
Bonus:	None.
Termination:	The agreement may be terminated by either party without cause with three months' notice, or in the case of Novatti, immediately with payment in lieu of notice (subject to the limitation of the Corporations Act and Listing Rules), by Novatti on one months' notice, if Steven is unable to perform his duties due to illness, accident or incapacitation, for three months or a period aggregating more than three months in any 12 month period, or summarily following material breach or in case of serious misconduct.

Name:	Paolo Montessori
Title:	Chief Executive Transaction Processing Services
Agreement commenced:	27 January 2016
Term of agreement:	The term is not fixed.
Remuneration:	Annual consultancy of $250,000, exclusive of GST, 750,000 Options issued under the ESOP and 4,500,000 Options issued as Performance Options, each exercisable at $0.20 on or before 30 June 2019, vesting over three equal tranches on 1 July 2016, 2017 and 2018, if the employment has not terminated by the relevant date, on the same terms and conditions (as set out in Section 13.3 of the Replacement Prospectus dated 8 December 2015).
Bonus:	The executive bonus structure targets are reviewed annually with both parties acting in good faith and reflecting the current needs of the business. The performance bonus can be up to $100,000.
Termination:	The consultancy agreement may be terminated by Novatti at any time for any reason which reason need not be specified, by giving three months' notice, (subject to the limitation of the Corporations Act and Listing Rules). Where Novatti gives notice, Novatti may pay Paolo in lieu or may require the Paolo to continue to provide services during the notice period or part thereof. If Novatti elects to pay Paolo in lieu, Novatti will immediately pay to Paolo an amount equal to three months' worth of the annual consultancy fee component of the consultancy fees and Paolo will accept that amount in full and final satisfaction of all claims against Novatti. If Paolo is unable to perform his duties due to illness, accident or incapacitation, for three months or a period aggregating more than three months in any 12 month period, or summarily following material breach or in case of serious misconduct Novatti may terminate the agreement on terms it sees fit by giving Paolo six months' notice or an amount equal to six months' worth of the cash component of his consultancy fee and Paolo will accept that amount in full and final satisfaction of all claims against Novatti. At any time, Novatti may immediately terminate the agreement without notice as the result of an occurrence that gives Novatti a right of summary dismissal of an employee at common law, including, wilful breach, gross or wilful disobedience, gross or wilful misconduct, dishonesty, subordination or neglect, failing to meet performance targets, having a receiver, receiver and manager, investigator, administrator, liquidator, provisional liquidator appointed of if an application is prescribed for the appointment of a provisional liquidator, being declared bankrupt, being placed under the control of any committee or officer under a law relating to mental health such that he is unable to satisfactorily carry out his duties, convicted of criminal offence involving fraud or dishonesty or any other offence which is punishable by imprisonment.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

SHARE-BASED COMPENSATION

ISSUE OF SHARES

No shares were issued as part of compensation for the year ended 30 June 2016.

Options were issued to Kenneth Lai and Paul Burton as their director remuneration. The options are subject to shareholder approval which will be determined at the Company's 2016 Annual General Meeting (AGM).

Kenneth and Paul have been each offered 750,000 options, vesting 12 months and 24 months equally after appointment date. Each option has an exercise price of $0.25. The last day for exercising is 30 June 2019.

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years include:

2016[7]	Grant date	Grant number	Fair value per option at grant date	Vest number during the yr	Value ex during the yr	Ex price	Expiry date	First ex date	Last ex date
Director									
Executive Directors									
Peter Cook	12 Nov 15	5,000,000	$0.20	5,000,000[8]	-	$0.20	30 Jun 19	12 Nov 15	30 Jun 19
Other Key Management Personnel:									
Alan Munday	12 Nov 15	250,000	$0.20	-	-	$0.20	30 Jun 19	1 Jul 16	30 Jun 19
Alan Munday	12 Nov 15	250,000	$0.20	-	-	$0.20	30 Jun 19	1 Jul 17	30 Jun 19
Alan Munday	12 Nov 15	250,000	$0.20	-	-	$0.20	30 Jun 19	1 Jul 18	30 Jun 19
Steven Stamboultgis	12 Nov 15	200,000	$0.20	-	-	$0.20	30 Jun 19	1 Jul 16	30 Jun 19
Steven Stamboultgis	12 Nov 15	200,000	$0.20	-	-	$0.20	30 Jun 19	1 Jul 17	30 Jun 19
Steven Stamboultgis	12 Nov 15	200,000	$0.20	-	-	$0.20	30 Jun 19	1 Jul 18	30 Jun 19
Paolo Montessori	3 Feb 16	1,750,000	$0.20	-	-	$0.20	30 Jun 19	27 Jan 17	30 Jun 19
Paolo Montessori	3 Feb 16	1,750,000	$0.20	-	-	$0.20	30 Jun 19	27 Jan 18	30 Jun 19
Paolo Montessori	3 Feb 16	1,750,000	$0.20	-	-	$0.20	30 Jun 19	27 Jan 19	30 Jun 19
Non-Executive Directors									
Peter Pawlowitsch	12 Nov 15	1,000,000	$0.20	1,000,000[9]	-	$0.20	30 Jun 19	12 Nov 15	30 Jun 19
Brandon Munro	12 Nov 15	1,000,000	$0.20	1,000,000[10]	-	$0.20	30 Jun 19	12 Nov 15	30 Jun 19
Kenneth Lai	31 May 16	375,000[11]	$0.25	-	-	$0.25	30 Jun 19	31 May 17	30 Jun 19
Kenneth Lai	31 May 16	375,000[12]	$0.25	-	-	$0.25	30 Jun 19	31 May 18	30 Jun 19
Paul Burton	12 Nov 15	5,000,000	$0.20	5,000,000[13]	-	$0.20	30 Jun 19	12 Nov 16	30 Jun 19
Paul Burton	31 May 16	375,000[14]	$0.25	-	-	$0.25	30 Jun 19	31 May 17	30 Jun 19
Paul Burton	31 May 16	375,000[15]	$0.25	-	-	$0.25	30 Jun 19	31 May 18	30 Jun 19
Total		**20,100,000**		**12,000,000**	-				

[7] No Options were issued or granted in FY15 for any Directors or Employees.
[8] Peter Cook's 5,000,000 options are escrowed for 24 months from grant date.
[9] Peter Pawlowitsch's 1,000,000 options are escrowed for 24 months from grant date.
[10] Brandon Munro's 1,000,000 options are escrowed for 24 months from grant date.
[11] Kenneth Lai's 375,000 options are subject to shareholder approval at the FY16 Annual General Meeting.
[12] Ibid.
[13] Paul Burton's 5,000,000 options are escrowed for 12 months from grant date.
[14] Paul Burton's 375,000 options are subject to shareholder approval at the FY16 Annual General Meeting.
[15] Ibid.

Options granted carry no dividend or voting rights.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

	Number of Options granted during the yr	Value of Options granted during the yr	Value of Options ex during the yr	Value of Options lapsed during the yr
Name		$	$	$
Peter Pawlowitsch	1,000,000	58,531	-	-
Peter Cook	5,000,000	292,655	-	-
Brandon Munro	1,000,000	58,531	-	-
Kenneth Lai[16]	750,000	19,424	-	-
Paul Burton[17]	750,000	19,424	-	-
Paul Burton	5,000,000	292,655	-	-
Alan Munday	750,000	43,898	-	-
Steve Stamboultgis	600,000	35,119	-	-
Paolo Montessori	5,250,000	310,016	-	-
Total	20,100,000	1,130,253	-	-

The factors that are considered to affect Total Shareholders Return ('TSR') are summarised below:

	2016	2015
Share price at financial year end	0.14	unlisted
Total dividends declared (cents per share)	-	-
Basic earnings per share (cents per share)	(9.06)	(2.36)

[16] Kenneth Lai's 750,000 Options are subject to shareholder approval at the FY16 Annual General Meeting.
[17] Paul Burton's 750,000 Options are subject to shareholder approval at the FY16 Annual General Meeting.

Disclosures relating to the directors & Senior Management

Additional disclosures relating to key management personnel

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Bal at the start of the yr	Issued as at listing date	Received as part of rem	Additions	Disposals/other	Bal at the end of the year
Ordinary shares						
Peter Pawlowitsch	625,000	1,250,000	-	-	-	1,875,000
Peter Cook	-	9,835,900	-	-	-	9,835,900
Brandon Munro	625,000	625,000	-	-	-	1,250,000
Kenneth Lai	-	10,335,000	-	-	-	10,335,000
Paul Burton	-	-	-	-	-	-
Alan Munday	-	50,000	-	-	-	50,000
Steven Stamboultgis	-	20,000	-	-	-	20,000
Paolo Montessori	-	-	-	-	-	-
Total	**1,250,000**	**22,115,900**	**-**	**-**	**-**	**23,365,900**

OPTION HOLDING

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Bal at the start of the yr	Issued as at listing date	Granted	Exercised	Expired/ forfeited/other	Bal at the end of the yr
Options over ordinary shares						
Peter Pawlowitsch	-	1,000,000	-	-	-	1,000,000
Peter Cook	-	5,000,000	-	-	-	5,000,000
Brandon Munro	-	1,000,000	-	-	-	1,000,000
Kenneth Lai[18]	-	-	750,000	-	-	750,000
Paul Burton[19]	-	-	750,000	-	-	750,000
Paul Burton	-	5,000,000	-	-	-	5,000,000
Alan Munday	-	750,000	-	-	-	750,000
Steven Stamboultgis	-	600,000	-	-	-	600,000
Paolo Montessori	-	-	5,250,000	-	-	5,250,000
Total	**-**	**13,350,000**	**6,750,000**	**-**	**-**	**20,100,000**

Other transactions with key management personnel and their related parties.

[18] Kenneth Lai's 750,000 Options are subject to shareholder approval at the FY16 Annual General Meeting.
[19] Paul Burton's 750,000 Options are subject to shareholder approval at the FY16 Annual General Meeting.

SERVICES

During the financial year, payments for services related to the listing of Novatti Group Ltd were provided by Gyoen Consulting Pty Ltd, a company associated with Peter Pawlowitsch of $38,500, Caprodite Transaction Execution Pty Ltd, a company associated with Brandon Munro of $20,600 and Chongwe Limited, a company associated with Paul Burton of £10,000. All transactions were made on normal commercial terms and conditions, and at market rates.

LOANS FROM DIRECTORS:

Novatti Pty Ltd entered into $500,000 of convertible loans with Peter Cook, Brandon Munro and Peter Pawlowitsch. The convertible loans were convertible into ordinary shares in Novatti Group Limited with a face value conversion at $0.16 per share. On 31 October 2015, the total $500,000 convertible loans on issue were converted into 3,125,000 ordinary shares.

Date entered into	Loan value	Loan rate	Loan expense	Details
	$	%	$	
12 Sep 2015	150,000	12	989	Agreed loan rate, not market rate. Interest paid in cash and calculated daily.
14 Sep 2015	200,000	6	1,584	Agreed loan rate, not market rate. Interest paid in cash and calculated daily.
16 Sep 2015	50,000	6	379	Agreed loan rate, not market rate. Interest paid in cash and calculated daily.
16 Sep 2015	50,000	6	379	Agreed loan rate, not market rate. Interest paid in cash and calculated daily.
8 Oct 2015	50,000	12	396	Agreed loan rate, not market rate. Interest paid in cash and calculated daily.
	500,000		**3,727**	

CURRENT AND NON-CURRENT LIABILITIES TO A DIRECTOR:

$250,000 in non-current liabilities and $132,579 in trade payables within Novatti Pty Ltd to Coomar Pty Ltd, outstanding as at 30 June 2015, was assigned to Corangamite Pty Ltd in accordance with a Deed of Assignment of Debt dated 31 October 2015 between the two parties. This debt was subsequently settled through the issue of 2,391,120 ordinary shares at $0.16 each to Coomar Pty Ltd. Coomar Pty Ltd and Corangamite Pty Ltd are associated with Peter Cook.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Unissued ordinary shares of Novatti Group Limited under option at the date of this report are as follows:

Grant date	Expiry date	Ex price	Number under option
12 Nov 15	30 Jun 19	$0.20	13,750,000
12 Nov 15	30 Jun 19	$0.20	1,150,000
12 Nov 15	30 Jun 19	$0.20	1,150,000
12 Nov 15	30 Jun 19	$0.20	1,150,000
8 Jan 16	30 Jun 19	$0.20	2,859,250
3 Feb 16	30 Jun 19	$0.20	1,750,000
3 Feb 16	30 Jun 19	$0.20	1,750,000
3 Feb 16	30 Jun 19	$0.20	1,750,000
8 Feb 16	30 Jun 19	$0.20	4,000,000
31 May 16	30 Jun 19	$0.25	1,500,000[20]
24 Jun 16	30 Jun 19	$0.20	3,637,000
Total			**34,446,250**

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

[20] Ibid 18 & 19

SHARES ISSUED UPON THE EXERCISE OF OPTIONS

No shares were issued by Novatti Group Limited during the year ended 30 June 2016 up to the date of this report as a result of the exercise of options granted.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against liability 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.

Indemnity and insurance of auditor

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

During the financial year, the Company has not paid a premium in respect of a contract to ensure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

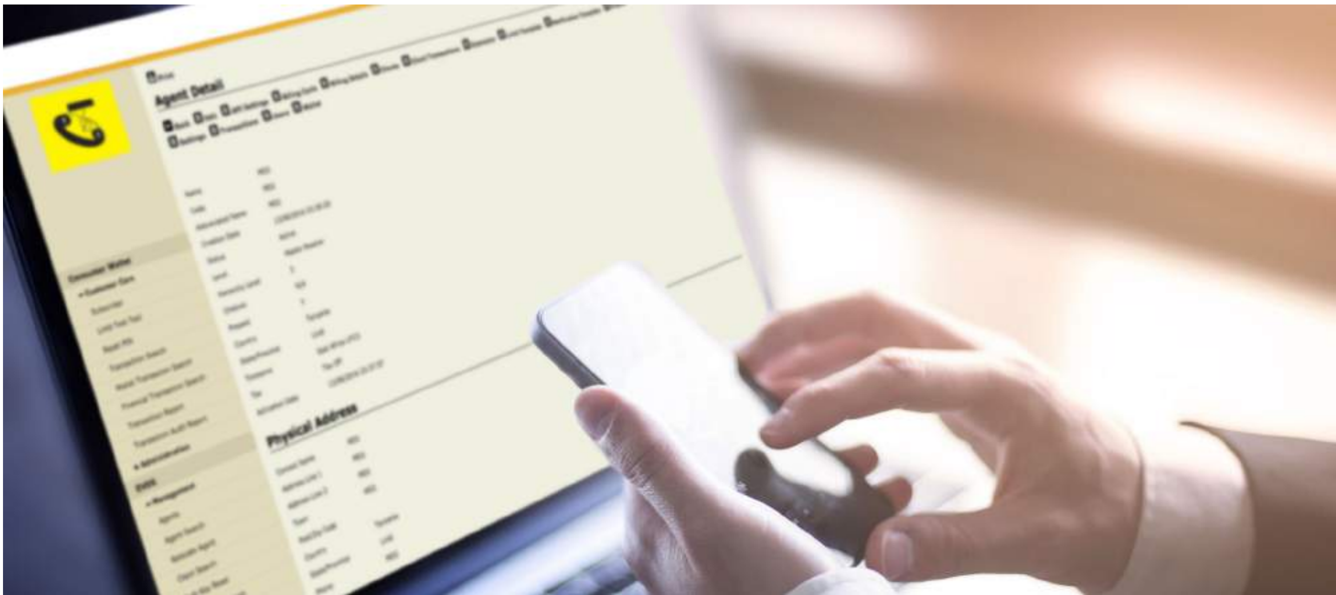
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.



A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Pawlowitsch
Chairman

29 September 2016
Melbourne

The Board of Directors of Novatti Group Limited ('Novatti' or the 'Company') is responsible for corporate governance.

The Board has chosen to prepare the Corporate Governance Statement ('CGS') in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be available on the Company's website.

Accordingly, a copy of the Company's CGS is available on the Novatti Group website at www.novatti.com under the Corporate Governance section.

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NOVATTI GROUP LIMITED

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

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J. C. Luckins
Director
Dated this 29th day of September, 2016

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Financial Report

Financial Report

GENERAL INFORMATION

The financial statements cover Novatti Group Limited as a Group consisting of Novatti Group Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Novatti Group Limited's functional and presentation currency.

Novatti Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 1
6 Thelma Street
West Perth WA 6005

Principal place of business

Legacy House, Level 1
293 Swanston Street
Melbourne VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors.

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2016

	Note	Consolidated 2016	Consolidated 2015
		$	$
Revenue	5	3,873,835	2,398,022
Other income	5	997,374	722,072
Total Revenue		**4,871,209**	**3,120,094**
Expenses			
Cost of Sales	7	(2,140,404)	(393,802)
Employee benefits		(5,587,115)	(2,976,068)
Depreciation and amortisation expense	13	(19,449)	(79,757)
Occupancy		(100,190)	(99,192)
Finance charges	7	(34,297)	(4,388)
Foreign currency translation (losses)/gains		22,791	102,828
Travel expenses		(275,352)	(113,023)
Marketing expenses		(148,035)	(83,595)
Data management expenses		(145,666)	(103,398)
Share of net profit of joint ventures accounted for using the equity method	6	(199,338)	(20,594)
Deemed equity consideration on Reverse Acquisition that is not a Business	36	(224,875)	-
Other expenses		(890,645)	(221,752)
Loss before income tax expense		**(4,871,366)**	**(872,647)**
Income tax expense	8	(96,354)	(71,526)
Loss after income tax expense for the year attributable to owners		**(4,967,720)**	**(944,173)**
Total comprehensive income for the year attributable to owners		**(4,967,720)**	**(944,173)**

		2016	2015
		Cents	Cents
Basic earnings per share	35	(9.06)	(2.36)
Diluted earnings per share	35	(6.79)	(2.36)

The above statement of Profit or Loss and Other Comprehensive Income (OCI) should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	Consolidated 2016	Consolidated 2015
		$	$
Assets			
Current assets			
Cash and cash equivalents	9	4,725,649	279,284
Trade and other receivables	10	1,541,958	1,065,167
Financial Assets	11	31,837	30,925
Other	12	52,580	264,619
Total current assets		**6,352,024**	**1,639,995**
Non-current assets			
Investments accounted for using the equity method	6, 32	14,901	24,331
Property, plant and equipment	13	46,357	9,293
Other non-current assets	6, 32	-	116,211
Total non-current assets		**61,258**	**149,835**
Total assets		**6,413,282**	**1,789,830**
Liabilities			
Current liabilities			
Trade and other payables	15	1,878,719	972,548
Employee benefits	16	152,232	164,505
Borrowings	17	-	359,707
Total current liabilities		**2,030,951**	**1,496,760**
Non-current liabilities			
Employee benefits	16	118,569	8,384
Other non-current liabilities	18	-	250,000
Total non-current liabilities		**118,569**	**258,384**
Total liabilities		**2,149,520**	**1,755,144**
Net assets		**4,263,762**	**34,686**
Equity			
Issued capital	19	11,940,604	3,458,122
Reserves	20	714,314	-
Accumulated Losses	21	(8,391,156)	(3,423,436)
Total equity		**4,263,762**	**34,686**

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Issued capital	Option reserves	Foreign currency translation reserve	Retained profits	Total equity
Consolidated	$	$	$	$	$
Balance at 1 July 2015	**3,458,122**	**-**	**-**	**(3,423,436)**	**34,686**
Deemed Consideration on reverse acquisition that is not a Business	225,000	-	-	-	225,000
Loss after income tax expense for the year	-	-	-	(4,967,720)	(4,967,720)
	3,683,122	**-**	**-**	**(8,391,156)**	**(4,708,034)**
Transactions with owners in their capacity as owners:					
Shares issued during the period	8,257,482	-	-	-	8,257,482
Options issued	-	713,465	-	-	713,465
Foreign Currency Translation Reserve	-	-	849	-	849
Balance at 30 June 2016	**11,940,604**	**713,465**	**849**	**(8,391,156)**	**4,263,762**

Novatti Group Limited was incorporated on 19 June 2015. On 28 September 2015 Novatti Group Limited entered into a Share Purchase Agreement with the equity holders of Novatti Pty Ltd to acquire, via a share for share scrip rollover, all the shares in Novatti Pty Ltd.

For accounting purposes this transaction is a reverse acquisition that is not a business. Novatti Group's listed equity value at the time of incorporation has been eliminated on consolidation.

On 16 September 2016 as announced on the ASX, 5,000,000 Performance Shares were issued in accordance with the terms and conditions as set within clause 13.2 of the 8 December 2015 Replacement Prospectus.

For the year ended 30 June 2015

	Issued capital	Retained profits	Total Equity
Consolidated	$	$	$
Balance at 1 July 2014	**3,458,122**	**(2,235,160)**	**1,222,962**
Comprehensive Income			
Loss for the year	-	(944,173)	(944,173)
	3,458,122	**(3,179,333)**	**278,789**
Retained losses on Flexewallet at the date of acquisition	-	(244,103)	(244,103)
Other comprehensive income	-	-	-
Total comprehensive income	3,458,122	(3,423,436)	34,686
Balance at 30 June 2015	**3,458,122**	**(3,423,436)**	**34,686**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	Consolidated 2016	Consolidated 2015
		$	$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,085,663	2,144,037
Payments to suppliers and employees (inclusive of GST)		(7,692,426)	(3,294,045)
Interest received		60,695	11,054
Receipt of Research and Development rebate		936,679	701,361
Interest and other finance costs paid		(34,297)	(4,388)
Income taxes paid		(96,354)	(71,526)
Net cash from operating activities	**34**	**(2,740,040)**	**(513,507)**
Cash flows from investing activities			
Joint Venture High Impact Corp. - Loan		(27,571)	-
Joint Venture Novatti (Malaysia) Sdn Bhd - Investment		(16,457)	-
Payments for property, plant and equipment		(56,513)	(7,542)
Net cash used in investing activities		**(100,541)**	**(7,542)**
Cash flows from financing activities			
Proceeds from issue of shares – Pre Initial Public Offering		1,219,126	-
Proceeds from issue of shares – Initial Public Offering		7,000,000	-
Share issue transaction costs		(595,264)	-
Proceeds from borrowings		-	359,707
Repayment of borrowings		(359,707)	-
Net cash used in financing activities		**7,264,155**	**359,707**
Net increase/(decrease) in cash and cash equivalents		**4,423,574**	**(161,342)**
Cash and cash equivalents at the beginning of the financial year		279,284	440,626
Effects of exchange rate changes on cash and cash equivalents		22,791	-
Cash and cash equivalents at the end of the financial year	**9**	**4,725,649**	**279,284**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 June 2016

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

HISTORICAL COST CONVENTION

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the legal parent entity is disclosed in Note 29.

PRINCIPLES OF CONSOLIDATION

These are the financial statements of Novatti Group Limited (the 'Company' or as the 'legal parent') and its controlled entities (the 'Group') as at 30 June 2016.

As outlined in Note 2, for accounting purposes Novatti Pty Ltd was identified as the accounting acquirer and Novatti Group Ltd was identified as the accounting subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary,
- De-recognises the carrying amount of any non-controlling interests,
- De-recognises the cumulative translation differences recorded in equity,
- Recognises the fair value of the consideration received,
- Recognises the fair value of any investment retained, and
- Recognises any surplus or deficit in profit or loss.

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is Novatti Group Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The Company derived the following revenue for the provisions of its services::

Platform Sales
Deployment and the support of specialist mobile and alternative payment technology. There are two primary components, the recognition of revenue on the completion and delivery of agreed milestones and the revenue recognised for ongoing maintenance and support..

Transaction Sales
Included within transaction sales are:

- Fees for software as a service
- Fees for the facilitation of top up vouchers

Interest
Interest revenue is recognised on a time proportional basis that takes into account the effective yield on the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants
Government grants, including Research and Development revenues, are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be fulfilled.

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rates that have been enacted by reporting date, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Novatti Group Limited (the 'head legal entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Joint Ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in Joint Ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the Joint Venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in Joint Ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the Joint Venture.

Dividends received or receivable from Joint Ventures reduce the carrying amount of the investment.

When the Group's share of losses in a Joint Venture equals or exceeds its interest in the Joint Venture, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the Joint Venture.

REVERSE ACQUISITION THAT IS NOT A BUSINESS

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Novatti Pty Ltd) in the form of equity instruments issued to the shareholders of the legal parent entity (Novatti Group Ltd). The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the number of shares the legal subsidiary (Novatti Pty Ltd) would have issued to the legal parent entity (Novatti Group Ltd) to obtain the same ownership interest in the combined entity.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

FINANCIAL INSTRUMENTS

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost depending on their classification.

Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership..

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 the statement of profit or loss and other comprehensive income through the amortisation process and when the financial asset is derecognised.

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 of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

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. A formal assessment of recoverable amount is made when impairment indicators are present.

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 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.

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over the asset's useful life to the 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 estimated useful lives for the current period are as follows:

Leasehold improvements – 2 years

Plant and equipment – 2 years

Fixtures and fittings – 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to the statement of profit or loss and other comprehensive income in the period in which they arise.

LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

PROVISIONS

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

EMPLOYEE BENEFITS

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be wholly settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled wholly within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

ISSUED CAPITAL

Ordinary shares are classified as equity.

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

DIVIDENDS

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

EARNINGS PER SHARE

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Novatti Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below::

AASB 9 Financial Instruments

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

Based on the Group's preliminary assessment, there will be no material impact on the transactions and balances recognised in the financial statements when this standard is first adopted for the year ended 30 June 2018.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will 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 those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

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

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply AASB 15 Revenue from Contracts with Customers at or before the date of initial application of this Standard. AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The previous accounting model for leases required lessees and lessors to classify their leases as either finances leases or operating leases and account for those two types of leases differently. That model was criticised for failing to meet the needs of users of financial statements because it did not always provide a faithful representation of leasing transactions. In particular, it did not require lessees to recognise assets and liabilities arising from operating leases. Accordingly, the International Accounting Standards Board (IASB) and the US national standard-setter, the Financial Accounting Standards Board (FASB), initiated a joint project to develop a new approach to lease accounting that requires a lessee to recognise assets and liabilities for the rights and obligations created by leases. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.

The Group is yet to undertake a detailed assessment of the impact AASB 16. 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 in the year ended 30 June 2020.

ISSUED CAPITAL EARNINGS
BUSINESS COMBINATIONS
SHARES DIVIDENDS

Note 2. Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, estimates and assumptions on historical experience and on other various factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgments and estimates will seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

SHARE-BASED PAYMENT TRANSACTIONS

The Group measures the cost of equity-settled transactions with employees by reference to the fair value The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

The value of the Performance Shares are based on their fair value at the time of grant using a share price of $0.16, with each of the four milestones discounted for the probability of achievement. This value is recognised within the accounts of the legal parent and upon consolidation, is eliminated.

PROVISION FOR IMPAIRMENT OF RECEIVABLES

The provision for impairment of receivables assessment requires a degree of estimation and judgment. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

REVERSE ACQUISITION OF NOVATTI GROUP LTD BY NOVATTI PTY LTD

Judgements have been applied to the accounting treatment of the transaction whereby Novatti Group Ltd obtained control of Novatti Pty Ltd. The transaction has been treated as a reverse acquisition that is not a business in accordance with AASB 2 Share Based Payments.

In accounting for the transaction as a reverse acquisition that is not a business the following significant judgements were made:

- Novatti Pty Ltd was identified as the acquirer for accounting purposes using the guidance contained in AASB 3 Business Combinations and therefore the financial statements are treated as a continuation of Novatti Pty Ltd; and
- The deemed consideration to effect the transaction for accounting purposes was determined by assigning a price to the number of shares that Novatti Pty Ltd would have had to issue to effect the transaction.

Note 3. Correction of Error in accounting for the Reverse acquisition of Novatti Group Ltd by Novatti Pty Ltd

Subsequent to the issue of the 31 December 2015 half year financial statements, as part of the audit of the annual financial statements of Novatti Group Ltd and controlled entities, it was determined that an error had been made in relation to the accounting treatment applied to the transaction whereby Novatti Group Ltd obtained control of Novatti Pty Ltd.

The 31 December 2015 half year financial statements issued on 18 February 2016 treated the transaction as an asset acquisition because the legal parent (Novatti Group Limited) did not meet the definition of a business under AASB 3 Business Combinations. The transaction, however, should have been treated as a reverse acquisition that is not a business in accordance with AASB 2 Share Based Payment.

In identifying the transaction as a reverse acquisition that is not a business, and accounting for it in accordance with AASB 2, the following was required:

- Identification of Novatti Pty Ltd as the acquirer for accounting purposes and therefore treating the financial statements as a continuation of Novatti Pty Ltd;
- Determining a deemed consideration to effect the transaction for accounting purposes.

Recognising the difference between the deemed consideration and the fair value of the net assets of the accounting acquiree as a transaction cost in the statement of profit or loss and other comprehensive income.

The 31 December 2015 financial statements were amended to reflect the above and were re-issued on 31 August 2016.

Note 4. Operating segments

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The Group is organised into three operating business segments: (A) Novatti Platform, incorporating enterprise sales and Maintenance & Support via the Novatti Platform, (B) Transaction Services incorporating Flexewallet Pty Ltd, Pty Ltd and Flexe Payments Ltd and (C) Novatti Group Limited is the legal parent that holds the financial assets for the Group. These operating business segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is on at least a monthly basis.

TYPES OF PRODUCTS AND SERVICES

The principal products and services of each of these operating segments are as follows:

Novatti Platform
Develops, deploys and supports specialised mobile and alternate payment technology, primarily through the deployment of the Novatti Platform.

Transaction Services
TransferBridge: Provides a comprehensive global network that interconnects emerging payment platforms, remittance operators, financial institutions, retailers, utilities and all types of telecommunication operators.

Flexewallet and Flexe Payments: Offers customers an alternative payment method in the form of a prepaid cash voucher. Vouchers can be used for a multitude of payment methods such as prepaid account top-ups and for secure online payment of goods and services. Vouchers are available in a variety of currencies and locations globally.

INTERSEGMENT TRANSACTIONS

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans are eliminated on consolidation.

OPERATING SEGMENT INFORMATION

	Novatti Platform	Transaction Services	Novatti Group Limited	Intersegment eliminations / unallocated	Total
Consolidated – 30 June 2016	$	$	$	$	$
Revenue					
Sales to external customers	3,736,608	137,227	-	-	3,873,835
Intersegment sales	-	-	-	-	-
Total sales revenue	3,736,608	137,227	-	-	3,873,835
Other revenue	938,931	-	58,443	-	997,374
Total revenue	**4,675,539**	**137,227**	**58,443**	-	**4,871,209**
EBITDA	**(2,968,657)**	**(716,235)**	**(968,548)**	**(224,875)**	**(4,878,315)**
Depreciation and amortisation	-	-	-	-	(19,449)
Interest revenue	-	-	-	-	60,695
Finance costs	-	-	-	-	(34,297)
Profit before income tax expense	-	-	-	-	(4,871,366)
Income tax expense	-	-	-	-	(96,354)
Profit after income tax expense	-	-	-	-	**(4,967,720)**
Segment Assets	1,934,738	473,835	4,006,106	(1,397)	6,413,282
Segment Liabilities	1,552,800	535,240	61,480	-	2,149,520
Employee Benefits	4,698,976	506,145	381,994	-	5,587,115
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefits assets, rights under insurance contracts)	-	-	-	-	-

Revenue from Australian customers is $1,085,431 (FY15: $1,112,900).
Revenues from customers in other countries is $2,788,404 (FY15: $1,285,121).
Revenue from a single customer in a country other than Australia is $1,991,439 (FY15: $255,538).

	Novatti Platform	Transaction Services	Intersegment eliminations / unallocated	Total
Consolidated – 30 June 2015	$	$	$	$
Revenue				
Sales to external customers	2,392,278	5,744	-	2,398,022
Intersegment sales	-	-	-	-
Total sales revenue	2,392,278	5,744	-	2,398,022
Other revenue	722,072	-	-	722,072
Total revenue	**3,144,350**	**5,744**		**3,120,094**
EBITDA	**(797,476)**	**(2,080)**	-	**(799,556)**
Depreciation and amortisation	-	-	-	(79,757)
Interest revenue	-	-	-	11,054
Finance costs	-	-	-	(4,388)
Profit before income tax expense	-	-	-	(872,647)
Income tax expense	-	-	-	(71,526)
Profit after income tax expense	-	-	-	**(944,173)**
Segment Assets	1,674,697	115,133	-	1,789,830
Segment Liabilities	1,650,826	104,318	-	1,755,144
Employee Benefits	2,969,090	6,978	-	2,976,068
Additions to non-current assets (other than financial assets, deferred tax, post-employment benefits assets, rights under insurance contracts)	-	-	-	-

Note 5. Revenue

	Consolidated 2016	Consolidated 2015
	$	$
Sales revenue:		
Rendering of services	-	67,800
Transaction Services	137,227	-
Maintenance and Support	936,839	965,033
Licence income	2,799,769	1,365,189
	3,873,835	**2,398,022**
Other revenue:		
Interest	60,695	6,222
Research and Development	936,679	701,362
Other	-	14,488
	997,374	**722,072**
Revenue	**4,871,209**	**3,120,094**

Note 6. Share of Joint Venture accounted for using the equity method

	Consolidated 2016	Consolidated 2015
	$	$
Share of profit/(loss) – High Impact	(197,426)	(20,594)
Share of profit/(loss) – ATX Malaysia	(1,912)	-
Investment in High Impact	-	24,331
Loan – High Impact	-	116,211
Note 6 a. Investments accounted for using the equity method		
Investment in Joint Venture – High Impact	-	-
Investment in Joint Venture – ATX Malaysia	14,901	24,331

In respect of High Impact, Novatti has not incurred legal or constructive obligations, or made payments on behalf of the joint venture. The directors are unable to accurately ascertain the likely returns for this investment and have resolved to write-off its share of this investment and the loan to the Joint Venture.

In accordance with AASB 128 Novatti Group Limited will periodically review the status of its Joint Venture in High Impact. Subsequently where the Joint Venture entity reports a profit, Novatti will resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Note 7. Expenses

	Consolidated 2016	Consolidated 2015
	$	$
Profit before income tax includes the following specific expenses:		
Cost of sales	2,140,404	393,802
Finance costs		
Interest and finance charges paid/payable	34,297	4,388
Finance costs expensed	34,297	4,388
Share-based payments expense		
Share-based payments expense (Options)	541,684	-
Superannuation expense		
Defined contribution superannuation expense	237,330	133,053

Note 8. Income tax expense

	Consolidated 2016	Consolidated 2015
	$	$
Reconciliation of Income tax expense to prima facie tax payable		
Loss before Income Tax	(4,871,366)	(872,647)
Prima facie income tax on loss at the domestic tax rate of Novatti Group Ltd of 30%	(1,461,410)	(261,794)
Adjustment for tax rate differences in foreign jurisdictions	3,648	-
Adjustment for tax exempt research and development tax incentive received	(281,004)	(210,409)
Adjustment for non-deductible expenses:		
Share based payments expense	90,735	-
Deemed Equity Consideration on Reverse Acquisition that is not a business	67,463	-
Other non-deductible expenses	21,642	34,313
	(1,558,926)	**437,890**
Current year tax losses not brought to account	1,553,959	475,248
Current year temporary differences not brought to account	4,966	(37,358)
Adjustments in respect of current income tax of previous year	**96,354**	**71,526**
Income tax expense	96,354	71,526
Deferred tax assets not brought to account:		
Unused tax losses for which no deferred tax asset has been recognised	5,179,864	1,584,159
Deductible temporary differences for which no deferred tax asset has been recognised	911,467	127,871
	6,091,331	**1,712,030**
Potential tax benefit @ 30%	**1,827,399**	**513,609**

Note 9. Current assets – cash and cash equivalents

	Consolidated 2016	Consolidated 2015
	$	$
Cash on hand	1,714	1,291
Bank Balances	**4,723,935**	**277,993**
	4,725,649	279,284
Reconciliation to cash and cash equivalents at the end of the financial year		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Cash and Cash Equivalents	4,329,344	183,852
Cash and Cash Equivalents held on trust under Flexewallet's CAPS1 program. These funds are distributed under instructions within 24 hours.	396,305	95,432
Balance as per statement of cash flows	**4,725,649**	**279,284**

Note 10. Current assets - trade and other receivables

	Consolidated 2016	Consolidated 2015
	$	$
Trade receivables	341,262	665,167

IMPAIRMENT OF RECEIVABLES

The Group's trade and other receivables have been reviewed for indicators of impairment. Trade receivables were not found to be impaired and a provision has not been recorded. There are no other impaired trade receivables in any of the Group's subsidiaries.

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2016	Consolidated 2015
	$	$
Current	95,928	381,714
0 to 3 months overdue	10,075	52,918
3 to 6 months overdue	235,259	96,876
Over 6 months overdue	-	133,659
	341,262	**665,167**
Other receivables		
Accrued Revenue	1,200,696	400,000
Total Trade and Other Receivables	**1,541,958**	**1,065,167**

Note 11. Financial Assets

	Consolidated 2016	Consolidated 2015
	$	$
Security term deposit	31,837	30,925
Total Financial Assets	**31,837**	**30,925**

Note 12. Other Current Assets

	Consolidated 2016	**Consolidated 2015**
	$	**$**
Prepayments	46,970	-
Other	5,610	4,895
Bank Guarantee	-	259,724
	52,580	**264,619**

Note 13. Non-current assets - property, plant and equipment

	Consolidated 2016	Consolidated 2015
	$	$
Plant and equipment - at cost	431,440	397,799
Less: Accumulated depreciation	(402,349)	(388,506)
	29,091	**9,293**
Leasehold Fixtures and Fittings - at cost	14,922	2,330
Less: Accumulated depreciation	(5,182)	(2,330)
	9,740	-
Fixtures and Fittings	26,083	18,133
Less: Accumulated depreciation	(18,557)	(18,133)
	7,526	-
Total property, plant and equipment	**46,357**	**9,293**

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Equipment at cost	Fixtures & Fittings at cost	Leasehold Fixtures & Fittings at cost	Total
2016	$	$	$	$
Gross carrying amount				
Balance 1 July 2015	395,469	18,133	2,330	415,932
Additions	35,971	7,950	12,592	56,513
Disposals	-	-	-	-
Balance 30 June 2016	**431,440**	**26,083**	**14,922**	**472,445**
Accumulated depreciation and impairment				
Balance 1 July 2015	(386,176)	(18,133)	(2,330)	(406,639)
Depreciation expense	(16,173)	(424)	(2,852)	(19,449)
Balance 30 June 2016	**(402,349)**	**(18,557)**	**(5,182)**	**(426,088)**
Net book value				
As at 1 July 2015	9,293	-	-	9,293
Balance 30 June 2016	**29,091**	**7,526**	**9,740**	**46,357**

	Plant & Equipment at cost	Fixtures & Fittings at cost	Leasehold Fixtures & Fittings at cost	Total
2015	$	$	$	$
Gross carrying amount				
Balance 1 July 2014	387,927	18,133	2,330	408,390
Additions	7,542	-	-	7,542
Disposals	-	-	-	-
Balance 30 June 2015	**395,469**	**18,133**	**2,330**	**415,932**
Accumulated depreciation and impairment				
Balance 1 July 2014	(379,295)	(18,133)	(2,330)	(399,758)
Depreciation expense	(6,881)	-	-	(6,881)
Balance 30 June 2015	**(386,176)**	**(18,133)**	**(2,330)**	**(406,639)**
Net book value				
As at 1 July 2014	8,632	-	-	8,632
Balance 30 June 2015	**9,293**	**-**	**-**	**9,293**

Note 14. Intangibles

	Consolidated 2016	Consolidated 2015
	$	$
Intangible Assets - at cost	1,787,110	1,787,110
Less: Accumulated amortisation	(1,787,110)	(1,787,110)
	-	-

Intangible Assets

2016	$
Gross carrying amount	
Balance 1 July 2015	1,787,110
Additions	-
Disposals	-
Balance 30 June 2016	1,787,110
Accumulated amortisation	
Balance 1 July 2015	(1,787,110)
Amortisation expense	-
Balance 30 June 2016	(1,787,110)
Net book value	
As at 1 July 2015	-
Balance 30 June 2016	-

Intangible Assets

2015	$
Gross carrying amount	
Balance 1 July 2014	1,787,110
Additions	-
Disposals	-
Balance 30 June 2015	1,787,110
Accumulated amortisation	
Balance 1 July 2014	(1,714,234)
Amortisation expense	(72,876)
Balance 30 June 2015	(1,787,110)
Net book value	
As at 1 July 2014	72,876
Balance 30 June 2015	-

Note 15. Current liabilities - trade and other payables

	Consolidated 2016	**Consolidated 2015**
	$	**$**
Trade payables	463,421	438,811
Unearned Income	182,646	125,921
Accrued Expenses	1,232,652	408,516
	1,878,719	**972,548**

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

Note 16. Provision for employee benefits

	Consolidated 2016	Consolidated 2015
	$	$
Current		
Employee benefits	152,232	164,505
Non-current		
Employee benefits	118,569	8,384

Note 17. Borrowings

	Consolidated 2016	Consolidated 2015
	$	$
Loan from associates	-	100,000
Loan from Shareholder	-	259,707
Total	**-**	**359,707**

Note 18. Other non-current liabilities

	Consolidated 2016	Consolidated 2015
	$	$
Trade payable and other liabilities	-	250,000
Total	**-**	**250,000**

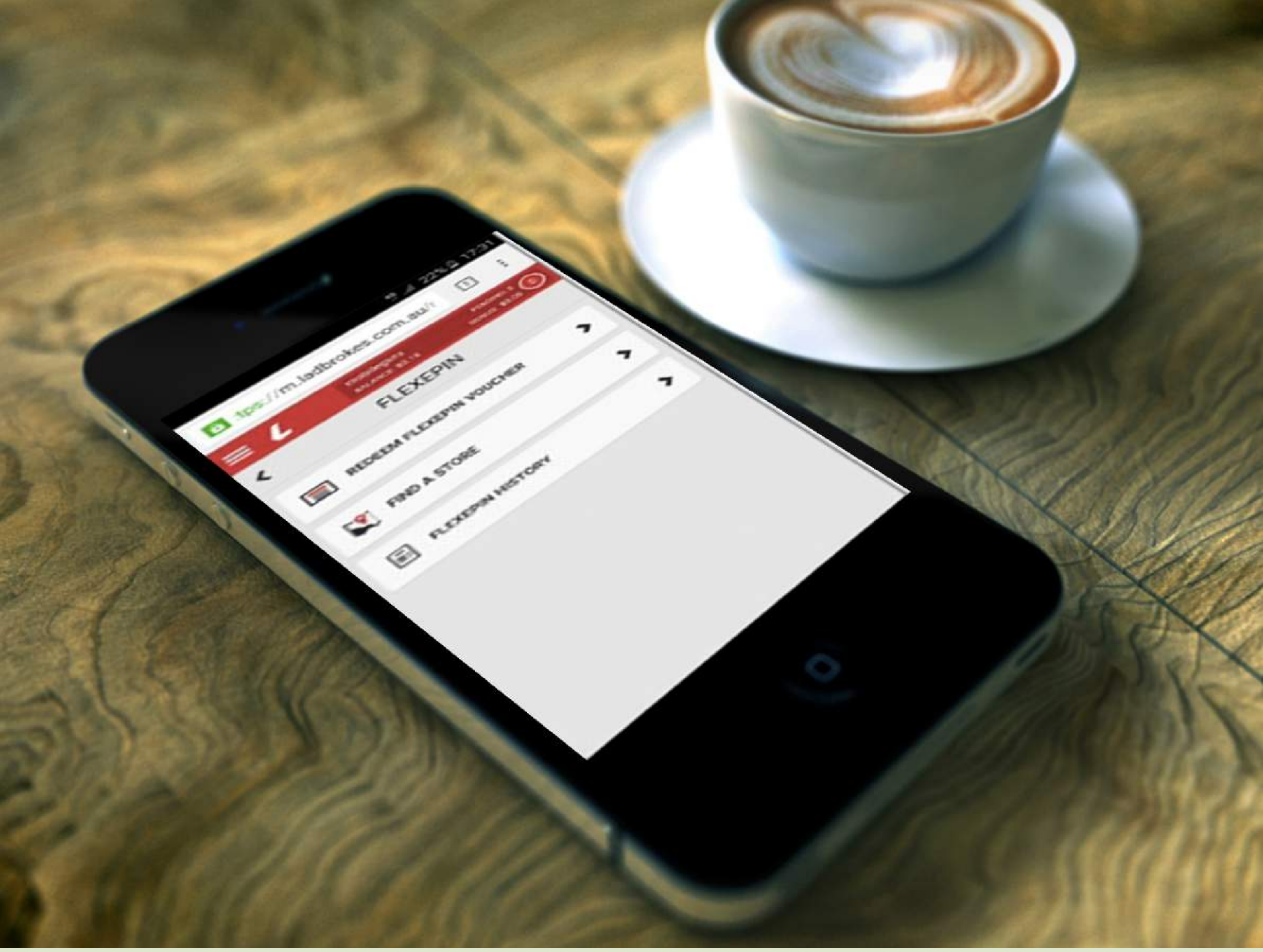
Note 19. Equity - issued capital (current)

	Consolidated 2016	Consolidated 2015
	$	$
87,883,826 Fully paid ordinary shares as at 30 June 2016	11,940,604	-
20,000,000 Performance shares as at 30 June 2016	-	-
338,760 Fully paid ordinary shares as at 30	-	3,458,122
Total	**11,940,604**	**3,458,122**

MOVEMENTS IN ORDINARY SHARE CAPITAL

Details	Date	No of shares	Issue price	Consolidated 2016
			$	$
Balance – Novatti Pty Ltd	**01 Jul 2014**	**338,760**	**-**	**3,458,122**
Balance 30 June 2015 – Novatti Pty Ltd	30 Jun 2015	338,760	-	3,458,122
Incorporation of Novatti Group Ltd – Issued capital preacquisition	19 Jun 2015	1,250,000	-	-
Novatti Group Ltd acquired all the shares in Novatti Pty Ltd on a scrip for scrip basis on 28 September 2015	28 Sep 2015	40,000,000	-	-
Novatti Pty Ltd shares eliminated on completion of reverse acquisition that is not a Business	28 Sep 2015	(338,760)	-	-
Deemed Consideration on reverse acquisition that is not a Business	28 Sep 2015	-	-	225,000
Loans provided by Novatti Group Ltd directors, Peter Cook, Brandon Munro and Peter Pawlowitsch to Novatti Pty Ltd converted into shares within Novatti Group Limited at $0.16 per share	31 Oct 2015	3,125,000	0.16	500,000
Loan provided by Novatti Pty Ltd shareholder to Novatti Pty Ltd converted into shares within Novatti Group Ltd at $0.16 per share	31 Oct 2015	3,555,206	0.16	568,833
$250,000 in non-current liabilities and $132,579 in trade payables to director related Coomar Pty Ltd outstanding as at 30 June 2015 was assigned to director related Corangamite Pty Ltd in accordance with a Deed of Assignment of Debt dated 31 October 2015 between the two parties and was converted to equity at $0.16 per share	31 Oct 2015	2,391,120	0.16	382,579
Issue of shares at $0.16 per share as Pre IPO capital received by Novatti Group Ltd	23 Nov 2015	2,562,500	0.16	410,000
Issue of 35 million Shares from IPO at $0.20 per share	18 Jan 2016	35,000,000	0.20	7,000,000
Capital Raising Costs	31 Jan 2016	-	-	(592,105)
Capital Raising Costs	29 Feb 2016	-	-	(6,875)
Capital Raising Costs	30 Apr 2016	-	-	(4,950)
Closing Balance – Novatti Group Ltd	**30 Jun 2016**	**87,883,826**		**11,940,604**

On 16 September 2016 as announced on the ASX, 5,000,000 Performance Shares were issued in accordance with the Terms and Conditions as set within 13.2 of the 8 December 2015 Replacement Prospectus.



ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each shareholder shall have one vote.

SHARE BUY-BACK

There is no current on-market share buy-back.

OPTIONS AND PERFORMANCE SHARES

Information is set out in Note 36 relating to options and performance shares issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

Note 20. Equity – reserve

	Consolidated 2016	Consolidated 2015
	$	$
Option reserve	713,465	-
Foreign currency reserve	849	-
	714,314	-

OPTION RESERVE

The option reserve is used to record the fair value of options issued to employees and directors as part of their remuneration. It is also used to record the fair value of options issued. The balance is transferred to Issued Capital when options are granted and balance is transferred to retained earnings when options lapse.

FOREIGN CURRENCY RESERVE

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Note 21. Equity - retained profits

	Consolidated 2016	Consolidated 2015
	$	$
Retained losses at the beginning of the financial year	(3,423,436)	(2,235,160)
Losses after income tax expense for the year	(4,967,720)	(944,173)
Retained losses on Flexewallet Pty Ltd at the date of acquisition	-	(244,103)
Retained losses at the end of the financial year	**(8,391,156)**	**(3,423,436)**

Note 22. Financial instruments

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group is exposed to risks that arise from the use of its financial instruments. This Note describes Novatti Group's objectives, policies and processes for managing those risks and the methods used to measure them. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this Note.

The Board assumes the role of the Group's Audit, Risk & Compliance Committee and oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

PRINCIPAL FINANCIAL INSTRUMENTS

The principal financial instruments used by Novatti Group, from which financial instrument risk arises, are as follows:

- Cash at bank and on deposit,
- Trade receivables,
- Trade and other payables, and
- Intercompany receivables.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and whilst retaining ultimate responsibility for them, has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk
Credit risk arises from the Group's trade receivables, other receivables, receivables from subsidiaries and cash at bank and on deposit. The maximum amount of credit risk is the statement of financial position carrying values.

Trade receivables
Clients of the Group range from financial service providers, telecommunication operators to airline companies. New client contracts may require Customers to pay fees based on 'Project Milestone arrangements' in accordance with agreed upon contract terms. In addition, companies may be charged for on-going service and maintenance contracts on a monthly or quarterly basis based on the initial contract value and last up to 5 - 10 years.

The Group undertakes transactions with a large number of customers and regularly monitors payments in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit terms.

The Group does not have any material credit risk exposure for other receivables or other financial instruments.

Liquidity risk
Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least three months.

The Group also seeks to reduce liquidity risk by ensuring that its cash deposits are earning interest at the best rates. At balance date, these reports indicate that the Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

As at 30 June 2016, financial liabilities have contractual maturities, which are summarised below:

	Consolidated			
	Current		Non-current	
2016	Within 6 months $	6 to 12 month $	1 to 5 years $	Later than 5 years $
Trade payables	463,421	-	-	-
Accrued expenses	1,232,652	-	-	-
Other payables	-	-	-	-
Total	**1,696,073**	-	-	-

	Consolidated			
	Current		Non-current	
2015	Within 6 months $	6 to 12 month $	1 to 5 years $	Later than 5 years $
Trade payables	207,762	-	-	-
Accrued expenses	534,437	-	-	-
Other payables	230,349	-	-	-
Total	**972,548**	-	-	-

The contractual amounts of financial liabilities in the tables above are equal to their carrying values.

Interest rate risk

The Group invests surplus cash in major Australian and Canadian banks and in doing so is exposed to fluctuations in interest rates that are inherent in such a market. The Company and Group have no borrowings.

The Group's interest rate risk arises from:

- Bank balances which give rise to interest at floating rates; and
- Cash on term deposit, which are at floating rates.

The amounts subject to cash flow interest rate risk are in the statement of financial position carrying amounts of these items.

The Group's policy is to minimise cash flow interest rate risk exposures on surplus funds by ensuring deposits attract the best available rate.

Cash flow interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year and equity to a reasonable possible change in interest rates of +/-100 basis points, with effect from the beginning of the year. These changes are considered reasonably possible based on observation of current market conditions.

The calculations are based on the Group's financial instruments held at each reporting date.

	Consolidated 2016		Consolidated 2015	
	+ 100 basis points	- 100 basis points	+ 100 basis points	- 100 basis points
Cash and cash equivalents	43,293	(43,293)	3,102	(3,102)
Net result	**43,293**	**(43,293)**	**3,102**	**(3,102)**

Currency risk

The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the geographical region's cash balances, commitments and receipts, converted to the Group's main functional currency, Australian Dollars (AUD).

The Group is exposed to currency risk on cash at bank and on deposit in Canadian Dollars (CAD) to fund its Canadian operations and also in US Dollars (USD).

Currency risk sensitivity analysis – Other currencies (CAD)

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the CAD and AUD exchange rate. It assumes a +/- 5% change in the AUD/CAD exchange rate for the year ended at 30 June 2016. This percentage has been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. This assumes that other variables, in particular interest rates, remain constant.

If the Australian dollar had strengthened against the CAD by 5% then this would have had the following impact on profit and other equity:

Consolidated	2016
	$
Profit after tax	(210)
Other Equity	-

If the Australian dollar had weakened against the CAD by 5% then this would have had the following impact on profit and other equity:

Consolidated	2016
	$
Profit after tax	233
Other Equity	-

Exposures to foreign exchange rates vary during the year depended on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Currency risk sensitivity analysis – Other currencies (USD)

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows:

Consolidated	2016
Nominal amounts	USD
Cash at bank and on term deposit	254,199

Consolidated	2016
Nominal amounts	USD
Cash at bank and on term deposit	18,975

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the USD and AUD exchange rate. It assumes a +/- 5% change in the AUD/USD exchange rate for the year ended at 30 June 2016. This percentage has been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date. This assumes that other variables, in particular interest rates, remain constant. The analysis is performed for 2016.

If the Australian dollar had strengthened against the USD by 5% then this would have had the following impact on profit and other equity:

	Consolidated 2016	Consolidated 2015
	$	$
Profit after tax	(15,999)	(4,164)
Other Equity	-	-

If the Australian dollar had weakened against the USD by 5% then this would have had the following impact on profit and other equity:

	Consolidated 2016	Consolidated 2015
	$	$
Profit after tax	18,302	7,377
Other Equity	-	-

Price risk

The Group is not exposed to any significant price risk.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 23. Key management personnel disclosures

COMPENSATION

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2016	Consolidated 2015
	$	**$**
Short-term employee benefits	980,407	632,215
Post-employment benefits	53,238	1,722
Long-term benefits	916	228
Share-based payments	245,749	-
	1,280,310	**634,165**

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company, its network firms and unrelated firms:

	Consolidated 2016	Consolidated 2015
	$	$
Audit services - William Buck		
Audit or review of the FY16 financial statements	24,000	-
Review of the 31 December 2015 financial statements	5,000	-
Audit of the FY13, 14 and 15 financial statements	-	26,000
	29,000	**26,000**
Other services - William Buck		
Preparation of the tax return and associated tax services	-	2,600
Investigative Accountant's Report	8,000	-
	37,000	**28,600**

Note 25. Contingent assets

There are no known contingent assets that the Company is aware of.

Note 26. Contingent liabilities

There are no known contingent liabilities that the Company is aware of.

Note 27. Commitments

	Consolidated 2016	Consolidated 2015
	$	$
Capital commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	181,889	89,532
One to five years	751,453	94,009
More than five years	-	-
	933,342	183,541

Operating lease commitments includes contracted amounts for offices in Melbourne. On renewal, the terms of the leases are re-negotiated.

Note 28. Related party transactions

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in the remuneration report and also within Note 36.

PARENT AND ULTIMATE CONTROLLING PARTY

Novatti Group Ltd was incorporated on June 19 2015. As outlined in Note 1 of the financial statements, for accounting purposes, Novatti Pty Ltd was identified as the accounting acquirer and Novatti Group Ltd was identified as the accounting subsidiary. The shares in Novatti Pty Ltd were acquired by the Novatti Group on a scrip for scrip basis.

LOANS FROM DIRECTORS

Novatti Pty Ltd entered into $500,000 of convertible loans with Peter Cook, Brandon Munro and Peter Pawlowitsch. The convertible loans were convertible into ordinary shares in Novatti Group Limited with a face value conversion at $0.16 per share. On 31 October 2015, the total $500,000 convertible loans on issue were converted into 3,125,000 ordinary shares.

Date entered into	Loan value	Loan rate	Loan expense	Details
	$	%	$	
12 Sep 2015	150,000	12	989	Agreed loan rate, not market rate. Interest paid in cash and calculated daily.
14 Sep 2015	200,000	6	1,584	Agreed loan rate, not market rate. Interest paid in cash and calculated daily.
16 Sep 2015	50,000	6	379	Agreed loan rate, not market rate. Interest paid in cash and calculated daily.
16 Sep 2015	50,000	6	379	Agreed loan rate, not market rate. Interest paid in cash and calculated daily.
8 Oct 2015	50,000	12	396	Agreed loan rate, not market rate. Interest paid in cash and calculated daily.
	500,000		**3,727**	

CURRENT AND NON-CURRENT LIABILITIES TO A DIRECTOR

$250,000 in non-current liabilities and $132,579 in trade payables within Novatti Pty Ltd to Coomar Pty Ltd, outstanding as at 30 June 2015, was assigned to Corangamite Pty Ltd in accordance with a Deed of Assignment of Debt dated 31 October 2015 between the two parties. This debt was subsequently settled through the issue of 2,391,120 ordinary shares at $0.16 each to Coomar Pty Ltd. Coomar Pty Ltd and Corangamite Pty Ltd are associated with Peter Cook.

DIRECTOR RELATED SERVICES

Gyoen Pty Ltd, an entity associated with Peter Pawlowitsch, provided services to Novatti Group Limited in respect of project managing the Group's Initial Public Offering. The fee for this service was $38,500 GST inclusive.

In addition, Caprodite Transaction Execution Pty Ltd associated with Brandon Munro provided compliance services to Novatti Group Ltd in respect of Contract Agreement and Arrangements and services to the Novatti Group in respect of managing the Group's Initial Public Offering. The total fees charged were for $3,300 GST inclusive.

Chongwe Limited, a company associated with Paul Burton provided advisory services with respect to the Flexepin product. Total fees charged was £10,000.

LOANS TO/FROM RELATED PARTIES

There were no loans to or from related parties at the current and previous reporting date.

TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Parent 2016[21]	Parent 2015
	$	$
Loss after income tax	(910,161)	-
Total comprehensive loss	**(910,161)**	-

STATEMENT OF FINANCIAL POSITION

	Parent 2016	Parent 2015
	$	$
Total current assets	3,987,990	125
Total assets	**15,322,391**	**125**
Total current liabilities	61,480	-
Total liabilities	**61,480**	-
Equity		
Issued capital	14,657,607	125
Performance Share Reserve	800,000	-
Reserves	713,465	-
Accumulated losses	(910,161)	-
Total equity	15,260,911	125

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2016.

CAPITAL COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

The legal parent entity had no capital commitments for property, plant and equipment as at 30 June 2016.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the legal parent entity Novatti Group Ltd are consistent with those of the Group, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

[21] Note 29 displays the summary financial statements of the 'legal' parent entity, Novatti Group Ltd. Novatti Group Ltd entered into a Share Purchase Agreement with the equity holders of Novatti Pty Ltd to acquire all the shares in Novatti Pty Ltd on 28 September 2015.

Note 30. AASB 1: First Time Adoption of Australian Accounting Standards

These are the Group's first 30 June financial statements prepared in accordance with Australian Accounting Standards. The Group was not required to prepare general purpose financial statements for periods and up to and including 30 June 2015.

The accounting policies set out in Note 1 have been applied in preparing the financial report for the Group for the period ending 30 June 2016; for the comparative period ending 30 June 2015 (statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows).

In preparation for the transition to IFRS the Group has not identified any material adjustments which were required to the current or comparative periods in order to present Australian Accounting Standard Compliant financial statements. Consequently, no further disclosure has been provided.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2016	Ownership interest 2015
		%	%
Novatti Group Ltd Subsidiaries			
Novatti Pty Limited	Australia	100.00%	-
Flexe Payments Limited	United Kingdom	100.00%	-
Novatti Technologies Limited	United Kingdom	100.00%	-
Novatti Pty Ltd Subsidiaries			
Flexewallet Pty Limited	Australia	100.00%	100.00%
TransferBridge Pty Limited	Australia	100.00%	100.00%

Note 32. Interests in Joint Ventures

Interests in Joint Ventures are accounted for using the equity method of accounting. Information relating to Joint Ventures that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2016
		%
High Impact Joint Venture	South Africa	50.00%
ATX Malaysia Joint Venture[22]	Malaysia	50.00%

[22] The Joint Venture between Novatti Group and ATX Malaysia was established on the 1 July 2015.

SUMMARISED FINANCIAL INFORMATION

	High Impact 2016	Malaysia ATX 2016	High Impact 2015	Malaysia ATX 2015
	$	$	$	$
Summarised statement of financial position				
Current assets	59,400	25,221	48,663	-
Non-current assets	-	-	-	-
Total assets	**59,400**	**25,221**	**48,663**	**-**
Current liabilities	255,516	10,320	-	-
Non-current liabilities	-	-	(295,931)	-
Total liabilities	**255,516**	**10,320**	**(295,931)**	**-**
Net assets	**(196,116)**	**14,901**	**(247,269)**	**-**
Expenses	(23,855)	(1,912)	(41,187)	-
Loss before income tax	(23,855)	(1,912)	(41,187)	-
Income tax expense	-	-	-	-
Loss after income tax	**(23,855)**	**(1,912)**	**(41,187)**	**-**
Other comprehensive income	-	-	-	-
Total comprehensive loss	**-**	**(1,912)**	**(41,187)**	**-**
Reconciliation of the Group's carrying amount				
Opening carrying amount – Equity in Joint Venture	67,168	16,813	-	-
Prior year losses incurred on behalf of Joint Venture:				
Expensed as at 30 June 2014	(84,193)	-	(84,193)	-
Expensed as at 30 June 2015	(20,593)	-	-	-
Expenses incurred on behalf of Joint Venture as at 30 June 2016	(12,399)	-	-	-
Losses incurred in excess of Joint Venture Equity interest. Adjustment entry recognised as at 30 June 2016	50,017	-	-	-
Loan balance of Novatti Group recognised by the Joint Venture as at 30 June 2016	235,044	-	264,177	-
Loan to Joint Venture in excess of Joint Venture Equity Interest	-	-	116,211	-
Write-off of Loan and Investment in High Impact	(235,044)	-	(18,848)	-
Share of Losses after income tax	(197,426)	(1,912)	(20,593)	-
Closing carrying amount	-	14,901	24,331	-

Per AASB 128, when the share of losses in a joint venture equals or exceeds its investment, the entity stops recognising its share of further losses and considers whether there are any long-term interests that in substance forms part of Novatti's net investment in the joint venture. In this case there was high uncertainty by the Board regarding the likelihood of future returns from the Joint Venture and so the High Impact Joint Venture was written off as at 30 June 2016. Please also refer to Note 6.

In accordance with AASB 128 Novatti Group Limited will periodically review the status of its Joint Venture in High Impact. Subsequently where the Joint Venture entity reports a profit, Novatti will resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

CONTINGENT LIABILITIES

The Associated entities had no contingent liabilities as at 30 June 2016.

COMMITMENTS

The Associated entities had no commitments as at reporting date, not recognised as liabilities payable.

Note 33. Events after the reporting period

At 30 June 2016, 5,000,000 of the 20,000,000 Performance Shares issued (see Note 36) vested and were converted into 5,000,000 ordinary shares of Novatti Group Limited, as announced on the ASX on 16 September 2016. The remaining performance shares did not vest as the milestones were not met and accordingly they were redeemed for a total of $3 in accordance with the terms of the initial grant.

There are no other matters or circumstances that have arisen since 30 June 2016 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.

Note 34. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2016	Consolidated 2015
	$	$
Loss after income tax expense for the year	(4,967,720)	(944,173)
Adjustments for:		
Depreciation and amortisation	19,449	79,757
Joint Venture – High Impact written off as at 30 June 2016	197,425	-
Non-cash option expense	541,684	-
Deem equity consideration on Reverse Acquisition that is not a Business	224,875	-
Unrealised Foreign Exchange Gain	(22,791)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(298,145)	(200,673)
Increase/(decrease) in trade and other payables	1,410,547	551,410
Increase/(decrease) in deferred income	56,725	-
Increase in employee benefits	97,911	172
Net cash from operating activities	**(2,740,040)**	**(513,507)**

Note 35. Earnings per share

	Consolidated 2016	Consolidated 2015
	$	$
Loss after income tax	4,967,720	944,173
Loss after income tax attributable to the owners of Novatti Group Limited	4,967,720	944,173

	2016	2015
	No of ordinary shares	No of ordinary shares
Weighted average number of ordinary shares outstanding during the year:		
Number used in calculating Earnings Per Share	54,806,390	40,000,000
Number used in calculating diluted Earnings Per Share	73,196,940	40,000,000

	2016	2015
	Cents	Cents
Basic earnings per share	(9.06)	(2.36)
Diluted earnings per share	(6.79)	(2.36)

Note 36. Share-based payments

SHARE BASED PAYMENT ACQUISITION

On 28 September 2015, Novatti Group Ltd completed the acquisition of Novatti Pty Ltd and its subsidiaries, Flexewallet Pty and TransferBridge Pty Ltd. Under Australian Accounting Standards, Novatti Pty Ltd is considered the accounting acquirer. The acquisition has been accounted for as a share based payment by which Novatti Pty Ltd acquires the assets of Novatti Group Ltd.

34 (a) Deemed consideration for Reverse Acquisition:

Under reverse acquisition principals, the consideration deemed to be provided was determined to be $225,000 based on a combination of the 16 cents post transaction share price of Novatti Group Limited at which seed capital was issued and the fair value of the performance share issued. The $225,000 represents the deemed fair value of the 1,250,000 shares owned by existing Novatti Group Limited shareholders.

34 (b) Assets and liabilities acquired:

	2016
	$
Trade and Other Receivables	125
Net identifiable assets acquired	125
34 (c) Transaction costs:	
Deemed consideration	225,000
Less: Net identifiable assets acquired	125
Transaction costs incurred on reverse acquisition	224,875

[23] Earnings Per Share for FY15 is calculated as the earnings of the parent entity (for accounting purposes) Novatti Pty Ltd $944,173 divided by the number of ordinary shares Novatti Group Ltd (acquiree for accounting purposes) issued of 40M, as consideration for the equity in Novatti Pty Ltd, in the reverse acquisition.

[24] Earnings Per Share for FY15 is calculated as the earnings of the parent entity (for accounting purposes) Novatti Pty Ltd $944,173 divided by the number of ordinary shares Novatti Group Ltd (acquiree for accounting purposes) issued of 40M, as consideration for the equity in Novatti Pty Ltd, in the reverse acquisition.

Options

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel and staff of the Group.

The Employee Share Option Plan is designed to provide long term incentives for Senior Management (including Directors') and Staff to deliver long term shareholder returns. Options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

The following Share based payment arrangements were in existence during the current financial year and are supported by the tables below:

- On 12 November 2015, 17,200,000 Options were issued to key management personnel at an issue price of $0.20 per share option as identified in the remuneration section of the directors' report
- On the 8 January 2016, 2,859,250 Options were issued in consideration for listing fees
- 4 million Options were provided on 8 February 2016 for consultancy fees
- 3 February 2016 5,250,000 Options were issued to a senior manager for the Group of which will vest in three equal portions, each year from the first year of vesting over 36 months
- 24 June 2016 3,637,000 Options were issued to staff and contractors

Grant date	Vesting date	Expiry date	Ex price	Exp'd volatility	Risk free Rate	Exp'd dividend yield	Bal at Start	Granted during yr	Ex during yr	Forfeited during yr	Bal at yr end
12 Nov 15	12 Nov 15	30 Jun 19	$0.20	53.90%	2.32%	0%	-	13,750,000	-	-	13,750,000
12 Nov 15	1 Jul 16	30 Jun 19	$0.20	53.90%	2.32%	0%	-	1,150,000	-	-	1,150,000
12 Nov 15	1 Jul 17	30 Jun 19	$0.20	53.90%	2.32%	0%	-	1,150,000	-	-	1,150,000
12 Nov 15	1 Jul 18	30 Jun 19	$0.20	53.90%	2.32%	0%	-	1,150,000	-	-	1,150,000
8 Jan 16	8 Jan 16	30 Jun 19	$0.20	53.90%	2.32%	0%	-	2,859,250	-	-	2,859,250
3 Feb 16	3 Feb 17	30 Jun 19	$0.20	53.90%	2.32%	0%	-	1,750,000	-	-	1,750,000
3 Feb 16	3 Feb 18	30 Jun 19	$0.20	53.90%	2.32%	0%	-	1,750,000	-	-	1,750,000
3 Feb 16	3 Feb 19	30 Jun 19	$0.20	53.90%	2.32%	0%	-	1,750,000	-	-	1,750,000
8 Feb 16	8 Feb 16	30 Jun 19	$0.20	53.90%	2.32%	0%	-	4,000,000	-	-	4,000,000
24 Jun 16	24 Jun 17	30 Jun 19	$0.20	57.74%	2.13%	0%	-	1,212,328	-	-	1,212,328
24 Jun 16	24 Jun 18	30 Jun 19	$0.20	57.74%	2.13%	0%	-	1,212,328	-	-	1,212,328
24 Jun 16	24 Jun 19	30 Jun 19	$0.20	57.74%	2.13%	0%	-	1,212,344	-	-	1,212,344
Subtotal							-	32,946,250	-	-	32,946,250
31 May 16	31 May 17	30 Jun 19	$0.25	57.74%	2.13%	0%	-	750,000[25]	-	-	750,000
31 May 17	31 May 18	30 Jun 19	$0.25	57.74%	2.13%	0%	-	750,000[26]	-	-	750,000
Total							-	34,446,250	-	-	34,446,250
Weighted Average Exercise Price						$0.202	-	-	$0.202		

Entitlement

The Options will entitle the holder to subscribe for one Share upon the exercise of each Option that has vested in the holder. If the Options are subject to a vesting period, where the relevant person is no longer employed or engaged, as the case may be, by the Group on a vesting date, the Options will not vest to that holder. Options that have previously vested in the holder shall be retained by the holder.

[25] 750,000 Options subject to shareholder approval at the FY16 Annual General Meeting.

[26] 750,000 Options subject to shareholder approval at the FY16 Annual General Meeting.

Shares Issued on exercise
Shares issued on exercise of the Options will rank equally with the other issued Shares.

If there is any reconstruction of the issued share capital of the Company, the rights of the Option holder may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

The fair value of the options is valued at "grant date" using the Black-Scholes model.

Performance Shares
The granting of Performance Shares is not related to the executive's short term or long term incentives as an executive of the Novatti Group. Participation in being granted Performance Shares was provided to the original shareholders of Novatti Pty Ltd as part of the acquisition of Novatti Pty Ltd by Novatti Group Ltd as an incentive for the original shareholders of Novatti Pty Ltd to further grow the revenue of Novatti Pty Ltd.

Each Performance Share was convertible into one ordinary share, upon the following milestones, as detailed in the December 2015 Replacement Prospectus, being achieved:

Milestone	Possible No of Performance Shares convertible
Milestone 1: Upon Novatti Pty Ltd achieving $3.5 million in invoiced customer revenue at any time during the financial year commencing 1 July 2015 (2015/16), specifically excluding invoiced revenues arising directly or indirectly from (1) TransferBridge Pty Ltd ACN 168 010 802, (2) Flexewallet Pty Ltd ACN 164 657 032 and (3) the contract (if any) that triggers the achievement of Milestone 4.	5,000,000
Milestone 2: Upon Novatti Pty Ltd achieving $4 million in invoiced customer revenue at any time during the financial year commencing 1 July 2015 (2015/16), specifically excluding invoiced revenues arising directly or indirectly from (1) TransferBridge Pty Ltd ACN 168 010 802, (2) Flexewallet Pty Ltd ACN 164 657 032.	5,000,000
Milestone 3: Upon Novatti Pty Ltd achieving $5 million in invoiced customer revenue at any time during the financial year commencing 1 July 2015 (2015/16), specifically excluding invoiced revenues arising directly or indirectly from (1) TransferBridge Pty Ltd ACN 168 010 802, (2) Flexewallet Pty Ltd ACN 164 657 032.	5,000,000
Milestone 4: Upon Novatti Pty Ltd achieving $7 million in invoiced customer revenue at any time during the financial year commencing 1 July 2015 (2015/16), specifically excluding invoiced revenues arising directly or indirectly from (1) TransferBridge Pty Ltd ACN 168 010 802 and (2) Flexewallet Pty Ltd ACN 164 657 032 but including net transaction fees arising from those companies.	5,000,000

The Performance Shares were not to convert to ordinary shares until such time as the milestones referred to above had been satisfied. If the milestones were not achieved, or not achieved within the expiry dates, the Performance Shares for a particular tranche will be redeemed by the Company for a total nominal sum of $1.00.

Outcome of milestone events:
For the 2015/2016 financial year, Novatti Pty Ltd achieved invoiced or invoiceable revenue greater than $3.5 million but less than $4.0 million.

In accordance with the Terms and Conditions relating to the Performance Shares as disclosed in the Replacement Prospectus at clause 13.2, the first milestone has been successfully satisfied, as announced to the ASX on 16 September 2016.

Milestones two, three and four have not been satisfied and the Performance Shares have been redeemed.

Directors' declaration

IN THE DIRECTORS' OPINION:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors.

Peter Pawlowitsch
Chairman

29 September 2016
Melbourne

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOVATTI GROUP LTD AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report of comprising Novatti Group Ltd (the Company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity) on pages 33 to 73. The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

CHARTERED ACCOUNTANTS & ADVISORS

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Toorak VIC 3142

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOVATTI GROUP LTD AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion the financial report of the consolidated entity on pages 33 to 73 is in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 26 of the directors' report for the year ended 30 June 2016. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Novatti Group Ltd for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J.C. Luckins
Director

Dated this 29th day of September, 2016

Additional disclosures

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:	No of holders of ordinary shares	No of ordinary shares
1 to 1,000	4	861
1,001 to 5,000	49	167,014
5,001 to 10,000	86	810,477
10,001 to 100,000	289	11,967,143
100,001 and over	60	79,938,331
	488	**92,883,826**
Holding less than a marketable parcel	4	861

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders.

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held 21 Sep. 2016	% of total shares issued
BRAYTER LIMITED	37,305,206	40.16
CORANGAMITE PTY LTD	10,707,904	11.53
CHI WAI KENNETH LAI	10,335,000	11.13
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	2,085,368	2.25
HALF FULL PTY LTD	1,961,876	2.11
SQUITCHY LANE HOLDINGS PTY LTD	1,440,090	1.55
PACIFIC NOMINEES LIMITED	1,087,500	1.17
MOSCH PTY LTD	937,500	1.01
GOLDFIRE ENTERPRISES PTY LTD	750,000	0.81
NAMIB NOMINEES PTY LTD	625,000	0.67
SEQUOI NOMINEES PTY LTD	625,000	0.67
HAVEN SUPER PTY LTD	625,000	0.67
ACQUISITIVE PTY LTD	625,000	0.67
SEAFIELD SUPERANNUATION PTY LTD	600,000	0.65
MRS RANG XU	600,000	0.65
HIMSTEDT & CO PTY LTD	500,000	0.54
P & D WILLIAMSON SUPER PTY LTD	419,081	0.45
BEZIQUE PTY LIMITED	400,000	0.43
MR GEORGE ANTHONY VENUTI & MRS CAROLYN ANNE VENUTI	400,000	0.43
VAULT (WA) PTY LTD	312,500	0.34
JAEK HOLDINGS PTY LTD	312,500	0.34
GOLDFIRE ENTERPRISES PTY LTD	312,500	0.34
MR TERRENCE JOHN JASPER & MRS JESSICA ANNE JASPER	300,000	0.32
GP SECURITIES PTY LTD	300,000	0.32
MR GEORGE VENUTI & MRS CAROLYN ANNE VENUTI	300,000	0.32
MR XIAO YONG ZHANG	260,000	0.28
CHEBBFUND PTY LTD	250,000	0.27
MR JAMES MOYE	250,000	0.27
MR CHRISTOPHER RICHARD BROWN	250,000	0.27
MS KATHERINE BALLENGER & DR ALAN DAVEY & MR JODI TABALOTNY	225,000	0.24
VIENNA HOLDINGS PTY LTD	225,000	0.24
BELLEROPHON INVESTMENTS PTY LTD	217,152	0.23
	75,544,177	81.33

UNQUOTED EQUITY SECURITIES

	No on issue	No of holders
Options over ordinary shares issued	33,946,250	59

There are no holders of unquoted equity securities holding 20% or greater of the number of unquoted equity securities on issue.

SUBSTANTIAL HOLDERS

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held 21 Sep 2016	% of total shares issued
BRAYTER LIMITED	37,305,206	40.16
CORANGAMITE PTY LTD	10,707,904	11.53
CHI WAI KENNETH LAI	10,335,000	11.13

SECURITIES SUBJECT TO ESCROW

Details	No of Shares
Ordinary Shares escrowed 24 months from quotation (NOVAD)	20,774,705
Unlisted options exercisable at 20 cents expiring 30/6/2019 escrowed to 12/11/2016 (NOVAA)	10,200,000
Unlisted options exercisable at 20 cents expiring 30/6/2019 escrowed 24 months from quotation (NOVAF)	9,859,250

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Use of funds
Since admission, the Company has used its cash in a way consistent with its business objectives.

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