

Acorns Grow Australia Limited

A.B.N. 26 604 402 815

Interim Financial Report – 31 December 2017

Acorns Grow Australia Limited

A.B.N. 26 604 402 815

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DIRECTOR'S REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2017.

Directors

The names of directors who held office during or since the end of the half-year:

Mr George Lucas

Mr Anthony P Fay

Mr Walter Cruttenden

Mr Noah Kerner

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

Principal Activities

The principal activities of the company during the half-year was the provision of investment products for retail investors.

No significant change in the nature of this activity occurred during the period.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of Operations

The loss of the company for the financial year after providing for income tax amounted to \$981,224. A review of the operations of the company during the year showed that the company had a core trading operational loss \$981,224.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the company during the financial half-year.

Events Subsequent to the End of the Reporting Period

On the 25 January 2018 – Instreet Acorns Pty Ltd bought 158 ordinary shares from Acorns Grow Inc leaving Acorns Grown Inc with a holding of 10%. This triggered the dissolution of the original joint venture, technology and brand agreement and the resignation of the Acorns Grow Inc appointed directors and the appointment of an additional director by Instreet Acorns Pty Ltd. The Company entered into new agreements with the Acorns Grow Inc, a shareholders agreement outlining reporting duties and non-competes and a new technology agreement, which is perpetual for no fee and giving the Company the right to expand into various other territories in S.E. Asia. On the 20th of February 2018 Instreet Acorns Pty Ltd was issued a further 16 shares at \$112,000 per share.

Apart from the above, no other matters or circumstances have arisen since the end of the financial half-year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Auditor's Independence Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2017.

Acorns Grow Australia Limited

A.B.N. 26 604 402 815

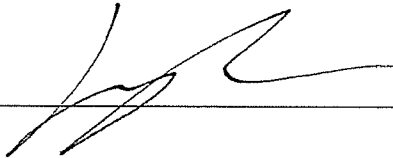
DIRECTOR'S REPORT

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

Director _____

George Lucas

Date: 21 March 2018

A handwritten signature in black ink, appearing to be 'George Lucas', is written over a horizontal line that extends from the 'Director' label.

ACORNS GROW AUSTRALIA LIMITED
A.B.N 26 604 402 815

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ACORNS GROW AUSTRALIA LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
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I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017 there have been no contraventions of:

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



Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Date: 21 March 2018

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Acorns Grow Australia Limited

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STATEMENT OF PROFIT OR LOSS FOR THE HALF-YEAR ENDED
31 DECEMBER 2017

	Note	Half-year Ended 31 December 2017 \$	Half-year Ended 31 December 2016 \$
Revenue	2	1,041,243	407,871
Compliance costs		(326,635)	(228,005)
Amortisation and depreciation expenses	3	(158,895)	-
Employee benefits expenses		(323,363)	(205,981)
Rental expenses		(33,600)	(67,200)
Consultancy expenses		(60,000)	(75,000)
Sales and administration expenses		(831,053)	(664,163)
Other expenses		(288,921)	(170,356)
Loss before income tax		(981,224)	(1,002,833)
Income tax benefit		-	-
Loss for the half-year		(981,224)	(1,002,833)
Other comprehensive income for the half-year		-	-
Total comprehensive loss for the half-year		(981,224)	(1,002,833)

Acorns Grow Australia Limited

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	As at 31 December 2017	As at 30 June 2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	6,721	16,820
Trade and other receivables	5	178,034	116,269
Financial Assets		26,120	-
Other assets		19,823	-
TOTAL CURRENT ASSETS		230,698	133,089
NON-CURRENT ASSETS			
Property, plant and equipment		2,518	4,736
Intangible assets	6	1,342,172	1,109,677
TOTAL NON-CURRENT ASSETS		1,344,690	1,114,413
TOTAL ASSETS		1,575,388	1,247,502
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	1,921,659	615,271
Financial liabilities		-	6,316
TOTAL CURRENT LIABILITIES		1,921,659	621,587
NON-CURRENT LIABILITIES			
Provisions		29,107	20,069
TOTAL NON-CURRENT LIABILITIES		29,107	20,069
TOTAL LIABILITIES		1,950,766	641,656
NET ASSETS		(375,378)	605,846
EQUITY			
Issued capital	8	4,500,200	4,500,200
Reserves		109,021	109,021
Retained earnings		(4,984,599)	(4,003,375)
TOTAL EQUITY		(375,378)	605,846

The accompanying notes form part of these financial statements.

Acorns Grow Australia Limited

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**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Ordinary Note Share Capital	C Class Shares	Reserves	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2016	200	2,190,000	74,473	(1,892,529)	372,144
Issued capital	1,000,000	1,310,000			2,310,000
Total comprehensive loss for the year				(1,002,833)	(1,002,833)
Share based payments					
Balance at 31 December 2016	1,000,200	3,500,000	74,473	(2,895,362)	(1,679,311)
Balance at 1 July 2017	1,000,200	3,500,000	109,021	(4,003,375)	605,846
Issued capital					
Total comprehensive loss for the year				(981,224)	(981,224)
Share based payments					
Balance at 31 December 2017	1,000,200	3,500,000	109,021	(4,984,599)	(375,378)

The accompanying notes form part of these financial statements.

Acorns Grow Australia Limited

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**STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
31 DECEMBER 2017**

	Half-year Ended 31 December 2017 \$000	Half-year Ended 31 December 2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,036,715	365,656
Payments to suppliers and employees	(1,681,718)	(2,336,287)
Interest Received	12,829	7,467
Net cash provided by / (used in) operating activities	(632,174)	(1,963,164)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Property, Plant and Equipment	-	-
Payments for Intangible Assets	(389,171)	(346,707)
Net cash (used in) investing activities	(389,171)	(346,707)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issue of shares	-	2,310,000
Proceeds from Borrowings	1,011,246	-
Net cash provided by financing activities	1,011,246	2,310,000
Net (decrease) / increase in cash held	(10,099)	129
Cash and cash equivalents at beginning of period	16,820	14,855
Cash and cash equivalents at end of period	6,721	14,984

The accompanying notes form part of these financial statements.

Acorns Grow Australia Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

These special purpose interim financial statements for half-year reporting period ended 31 December 2017 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The directors have prepared the Interim financial statements on the basis that the company is a non-reporting entity because there are no users dependant on general purpose interim financial statements. The interrim financial statements have been prepared to meet the needs of the members.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Acorns Grow Australia Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2017, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 21 March 2018.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The company has considered the implications of new or amended Accounting Standards, but determined that their application to the financial statements is either not relevant or not material.

c. Going Concern Basis

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

Notwithstanding the company incurred a net loss after income tax for the financial half-year ended 31 December 2017 of \$981,224 and had a net working capital deficiency of \$1,690,961 as at 31 December 2017, the directors believe that it is appropriate to prepare the financial report on a going concern basis because the company continues to receive financial support from Instreet Investment Limited.

NOTE 2: REVENUE

	Half-year Ended 31 December 2017	Half-year Ended 31 December 2016
	\$	\$
Fee, Commission and Operating Income	1,028,414	394,159
Interest Revenue	12,829	7,467
Other Revenue	-	6,245
	<u>1,041,243</u>	<u>407,871</u>

Acorns Grow Australia Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 3: LOSS BEFORE INCOME TAX

Loss before income tax includes the following specific expenses

	Half-year Ended 31 December 2017	Half-year Ended 31 December 2016
	\$	\$
Depreciation	2,217	-
Amortisation	156,678	-

NOTE 4: CASH AND CASH EQUIVALENTS

	As at 31 December 2017	As at 30 June 2017
	\$	\$
Cash at Bank	6,621	16,720
Cash on Hand	100	100
	<u>6,721</u>	<u>16,820</u>

NOTE 5: TRADE AND OTHER RECEIVABLES

	As at 31 December 2017	As at 30 June 2017
CURRENT	\$	\$
Trade Receivables	178,034	113,161
Other Receivables	-	3,108
	<u>178,034</u>	<u>116,269</u>

NOTE 6: INTANGIBLE ASSETS

	As at 31 December 2017	As at 30 June 2017
	\$	\$
Licences and software at cost	1,786,581	1,397,408
Less: Accumulated amortisation	(444,409)	(287,731)
Total Intangible Assets	<u>1,342,172</u>	<u>1,109,677</u>

Licenses represent brand and technology licences which were contributed by Acorns Grow Inc, a company incorporated in USA. These licences are amortised over a period of 5 years.

Acorns Grow Australia Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 7: TRADE AND OTHER PAYABLES

	As at 31 December 2017	As at 30 June 2017
	\$	\$
Trade creditors	527,807	251,931
Other creditors and accruals	19,997	731
Loan payable to Instreet Acorns Pty Ltd	1,373,855	362,609
	1,921,659	615,271

NOTE 8: ISSUED CAPITAL

	As at 31 December 2017	As at 30 June 2017
	\$	\$
420 (prior year: 210) fully paid ordinary shares of \$1	1,000,200	1,000,200
3 (prior year: 3) C Class shares of \$1	3,500,000	3,500,000
	4,500,200	4,500,200

NOTE 10: EVENTS AFTER THE BALANCE SHEET DATE

On the 25 January 2018 – Instreet Acorns Pty Ltd bought 158 ordinary shares from Acorns Grow Inc leaving Acorns Grow Inc with a holding of 10%. This triggered the dissolution of the original joint venture, technology and brand agreement and the resignation of the Acorns Grow Inc appointed directors and the appointment of an additional director by Instreet Acorns Pty Ltd. The Company entered into new agreements with the Acorns Grow Inc, a shareholders agreement outlining reporting duties and non-competes and a new technology agreement, which is perpetual for no fee and giving the Company the right to expand into various other territories in S.E. Asia. On the 20th of February 2018 Instreet Acorns Pty Ltd was issued a further 16 shares at \$112,000 per share.

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future years.

NOTE 11: COMPANY DETAILS

The registered office and principal place of business of the company is

Level 11
2 Bulletin Place
Sydney NSW 2000

Acorns Grow Australia Limited

A.B.N. 26 604 402 815

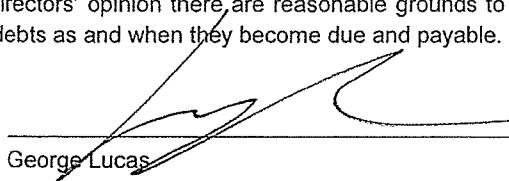
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Acorns Grow Australia Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 12, are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director

Name:


George Lucas

Date:

21 March 2018

ACORNS GROW AUSTRALIA LIMITED
A.B.N 26 604 402 815

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS
ACORNS GROW AUSTRALIA LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

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

Report on the Interim Financial Report

We have reviewed the accompanying half-year financial report of Acorns Grow Australia Limited, which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of Acorns Grow Australia Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year 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 a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Acorns Grow Australia Limited's financial position as at 31 December 2017 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134: Half-year Financial Reporting and the Corporations Regulations 2001. As the auditor of Acorns Grow Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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ACORNS GROW AUSTRALIA LIMITED

A.B.N 26 604 402 815

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

ACORNS GROW AUSTRALIA LIMITED

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Acorns Grow Australia Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of Acorns Grow Australia Limited's financial position as at 31 December 2017 and of its performance for the period ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the company incurred a net loss after tax of \$981,224 during the half-year ended 31 December 2017 and, as of that date, the Group's total current liabilities exceeded its total current assets by \$1,690,961. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND

Partner

Dated: 21 March 2018