QuickFee Group

Report for the nine-month period ended 31 March 2019

QuickFee Group
Directors' report
For the nine-month period ended 31 March 2019

The directors present their report, together with the financial statements, on QuickFee USA Limited, QuickFee Group LLC, QuickFee Inc, QuickFee GCI LLC and QuickFee Finance LLC collectively known as the Combined Entity or the QuickFee Group for the nine-month period ended 31 March 2019.

Directors
The following persons were directors of the Combined Entity during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dale Smorgon
Bruce Coombes
Dean Smorgon

Principal activities
During the financial year the principal continuing activities of the Combined Entity consisted of:

- Provision of payment gateway services
- Lending of money to clients of professional firms

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

Review of operations
The loss for the Combined Entity after providing for income tax amounted to US$517,264 (30 June 2018: US$604,289).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Combined Entity during the financial year other than the issue of share capital to new and existing shareholders..

Matters subsequent to the end of the financial year
The following matters have significantly affected the Combined Entity since 31 March 2019.

On 16th April 2019 the Company agreed terms with EverBlu Capital Pty Ltd to replace the engagement letter entered into on 19 December 2017 with QuickFee Group LLC. The engagement was entered into in order to raise capital for the Combined Entity. As a result of the modification to the engagement letter the following was payable to EverBlu Capital Pty Ltd ("EverBlu");

- Pay EverBlu 4% of the portion of gross proceeds which is raised to specific investors as part of a seed capital raise noted in the agreement;
- Pay EverBlu 4% of the portion of gross proceeds which is raised to specific investors as part of a roadshow raise noted in the agreement;
- Immediately upon the Company receiving a letter from the ASX confirming the Company's conditional admission to the ASX official list issue to EverBlu the following options in the Company;
    - 1,000,000 options with an exercise price of $0.20 and a 3 year expiry;
    - 1,000,000 options with an exercise price of $0.30 and a 3 year expiry; and
    - 1,000,000 options with an exercise price of $0.40 and a 3 year expiry
- Within seven days after the effective date issue of the agreement issue 800,000 ordinary shares in the Company to EverBlu.
- Give EverBlu he exclusive right to make or procure subscriptions amounting to a further $1 million to be invested under new shares in the Initial public offering transaction.

No other matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the Combined Entity's operations, the results of those operations, or the Combined Entity's state of affairs in future financial years.

Likely developments and expected results of operations
The Combined Entity is continuing to invest in sales and marketing activities to grow the number of customers using its solutions. It is expected that further customers will use the services the Continuing Entity provides.

Functional and presentation currency
These financial statements are prepared in United States dollars which is the functional and presentation currency of the Combined Entity.

Non-audit services
No non-audit services were provided to the combined entity during the period (30 June 2018: nil).

Shares under option
The Combined Entity has no shares under option at the date of this report. However, the Combined Entity plans to issue options and performance rights as part of the Proposed Initial Public Offering transaction. Refer to Note 17 for further details.

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

Indemnity and insurance of officers
The Combined Entity has indemnified the directors and executives of the Combined Entity 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 Combined Entity paid a premium in respect of a contract to insure the directors and executives of the Combined Entity against a 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 Combined Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Combined Entity or any related entity against a liability incurred by the auditor.

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

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

QuickFee Group
Directors' report
For the nine-month period ended 31 March 2019

his 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



Bruce Coombes
Director
30 April 2019

William Buck

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

I declare that, to the best of my knowledge and belief during the nine-month period ended 31 March 2019 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

N. S. Benbow
Director

Dated this 30TH day of April 2019

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PRAXITY

QuickFee Group
Statement of profit or loss and other comprehensive income
For the nine-month period ended 31 March 2019

	Note	Nine-month period ended 31 Mar 2019 US$	Year-ended 30 Jun 2018 US$
Revenue			
Interest income		374,677	234,367
Loan fee income		257,913	131,103
Service fee income		78,640	67,308
Expenses			
General and administration		(454,540)	(476,769)
Occupancy		(37,661)	(46,580)
Employee benefits		(526,775)	(346,436)
Depreciation		(5,363)	(2,686)
Finance costs		(204,155)	(164,596)
Loss before income tax expense		(517,264)	(604,289)
Income tax expense	3	-	-
Loss after income tax expense for the year attributable to the owners of QuickFee Group		(517,264)	(604,289)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		31,782	(19,552)
Total comprehensive income for the year attributable to the owners of QuickFee Group		(485,559)	(623,841)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

QuickFee Group
Statement of financial position
As at 31 March 2019

	Note	31 Mar 2019 US$	30 Jun 2018 US$
Assets			
Current assets			
Cash and cash equivalents		1,816,579	2,177,232
Trade and other receivables	4	4,042,425	2,245,386
Prepayments		54,256	38,577
Total current assets		5,913,260	4,461,195
Non-current assets			
Plant and equipment		10,129	6,237
Total non-current assets		10,129	6,237
Total assets		5,923,389	4,467,432
Liabilities			
Current liabilities			
Borrowings	5	5,238,235	1,641,672
Trade and other payables	6	1,294,220	1,032,324
Total current liabilities		6,532,455	2,673,996
Non-current liabilities			
Borrowings	7	-	1,550,000
Total non-current liabilities		-	1,550,000
Total liabilities		6,532,455	4,223,996
Net assets / (liabilities)		(609,066)	243,436
Equity			
Issued capital	8	1,733,057	2,100,000
Foreign currency translation reserve		12,153	(19,552)
Accumulated losses		(2,354,276)	(1,837,012)
Total equity / (deficiency)		(609,066)	243,436

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

QuickFee Group
Statement of changes in equity
For the nine-month period ended 31 March 2019

	Issued capital US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2017	1,300,000	-	(1,232,723)	67,277
Loss after income tax expense for the year	-	-	(604,289)	(604,289)
Other comprehensive income for the year, net of tax	-	(19,552)	-	(19,552)
Total comprehensive income for the year	-	(19,552)	(604,289)	(623,841)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 8)	800,000	-	-	800,000
Balance at 30 June 2018	2,100,000	(19,552)	(1,837,012)	243,436

	Issued capital US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
Balance at 1 July 2018	2,100,000	(19,552)	(1,837,012)	243,436
Loss after income tax expense for the year	-	-	(517,264)	(517,264)
Other comprehensive income for the year, net of tax	-	31,705	-	31,705
Total comprehensive income for the year	-	31,705	(517,264)	(485,559)
Transactions with owners in their capacity as owners:				
Costs incurred in respect of future capital raising (note 8)	(366,943)	-	-	(366,943)
Balance at 31 March 2019	1,733,057	12,153	(2,354,276)	(609,066)

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

QuickFee Group
Statement of cash flows
For the nine-month period ended 31 March 2019

	Note	Nine-month period ended 31 Mar 2019 US$	Year-ended 30 Jun 2018 US$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		531,526	432,778
Payments to suppliers (inclusive of GST)		(2,390,120)	(1,675,011)
Finance costs paid		(204,155)	(164,596)
Net cash used in operating activities	16	(2,062,749)	(1,406,829)
Cash flows from investing activities			
Payments for plant and equipment		(9,255)	(2,751)
Net cash used in investing activities		(9,255)	(2,751)
Cash flows from financing activities			
Proceeds from issue of shares		-	300,000
Proceeds from borrowings		2,078,268	2,672,120
Payment for capital raising costs		(366,917)	-
Net cash from financing activities		1,711,351	2,972,120
Net increase/(decrease) in cash and cash equivalents		(360,653)	1,562,540
Cash and cash equivalents at the beginning of the financial year		2,177,232	614,692
Cash and cash equivalents at the end of the financial year		1,816,579	2,177,232

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

QuickFee Group
Notes to the financial statements
For the nine-month period ended 31 March 2019

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.

The accounts are presented in United States dollars ("US$") which is the functional and presentation currency of the Combined Entity.

New or amended Accounting Standards and Interpretations adopted

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

The Combined Entity has also early adopted AASB 15 - Revenue and AASB 9 - Financial Instruments from 1 July 2018. The impact of these standards has been discussed in detail below

AASB 15 Revenue from Contracts with Customers ("AASB 15")

The Combined Entity has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 July 2018. In accordance with the transition provisions in AASB 15 the standard has been applied using the modified retrospective approach. On this basis there were no changes to the net asset position of the Combined entity at the date of this report..

AASB 15 supersedes AASB 118 – Revenue, AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless these contracts are in scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15 Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

At 1 July 2018 all material contracts were assessed by the Combined Entity and it was determined that the adoption of AASB 15 had no significant impact on the Combined Entity. The updated accounting policy for revenue has been disclosed below.

AASB 9 Financial Instruments ("AASB 9")

The Combined Entity has adopted AASB 9 as issued in July 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 9, comparative figures have not been restated. AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139"), bringing together all three aspects of the accounting for financial instruments: clarification and measurement; impairment; and hedge accounting. The accounting policies have been updated to reflect the application of AASB 9 below.

Measurement and classification

At the date of initial application, existing financial assets and liabilities of the Combined Entity were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been de-recognised as at 1 July 2018. In this regard the Combined Entity has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139 (i.e. prior to 1 July 2018)	New Measurement category under AASB 9 (i.e. from 1 July 2018)
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Loans and borrowings	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 July 2018.

Note 1. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with International Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB'), as appropriate for for-profit oriented entities.

The combined financial statements comprise the financial statements of the separate legal entities QuickFee USA Limited, QuickFee Group LLC, QuickFee Inc, QuickFee GCI LLC and QuickFee Finance LLC at 31 March 2019. These entities are subject to common control through common Directors and shareholders and operate as a combined entity. These combined financial statements aggregate the financial information of each separate legal entity, eliminating inter-company transactions. For the purpose of these combined financial statements no single entity is identified as a parent entity for accounting purposes and accordingly these combined financial statements are not prepared under the consolidation principles as defined in AASB 10 – Consolidated Financial Statements.

The Combined Entity's presentation currency is United States Dollars. In additional all entities with the exception of Quickfee USA Limited have a functional currency of USD. Quickfee USA Limited's functional currency is Australian Dollars. Any gains or losses as a result of translation differences in respect of non-monetary items are recorded in Other Comprehensive Income. Foreign exchange differences on monetary items are recognised through the profit or loss in the period in which they are incurred.

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

Impairment of financial assets
In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Combined Entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. AASB 9 requires the Combined Entity to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition the Combined Entity is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

At 1 July 2018, the Combined Entity reviewed and assessed the existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the Combined Entity concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Combined Entity recognises lifetime ECL. The result of the assessment is as follows;

Items existing at 1 July 2016 that are subject to the impairment provisions of AASB 9	**Credit risk attributes**	**Cumulative additional loss allowance required on 1 July 2018**
Cash and cash equivalents	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable financial institutions.	-
Trade receivables	The Combined Entity applied the simplified approach and concluded that the lifetime ECL would be negligible on receivable balances not already provided for and therefore no loss allowance was required at 1 July 2018.	-

Note 1. Significant accounting policies (continued)

Revenue recognition
The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Combined Entity expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:
Step 1: Identify the contract with a customer;
Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;
Step 3: Determine the transaction price;
Step 4: Allocate the transaction price to the performance obligations;
Step 5: Recognise revenue as the performance obligations are satisfied.

Following the adoption of AASB 15, on 1 July 2018, the Combined Entity's revenue recognition accounting policy is that:
The performance obligation for revenue recognition is satisfied over the life of the loans granted by the Combined Entity to its customers. Interest revenue and application fee revenue is therefore recognised over the life of the loan agreement. The majority of the Combined Entity's loans are for a period of 12 months or less.

Income tax
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 rate for each jurisdiction, 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.

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.

Note 1. Significant accounting policies (continued)

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 Combined Entity 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.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributed to loans and borrowings are capitalised as part of the asset and amortised over the life of the loan. All other finance costs are expensed in the period in which they are incurred.

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.

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. 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.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, 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 judgements and estimates will seldom equal the related actual results. The judgements, 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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. 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.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Combined Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. As at 31 March 2019 no Deferred tax balances have been recognised.

Classification of convertible note
Convertible notes entered into by the Combined Entity can either be classified as a liability or equity. Significant judgment is involved to determine the appropriate accounting treatment in the financial statements.

Note 3. Income tax benefit

The potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. It is likely that the tax benefit will approximate the Combined Entity's accumulated losses multiplied by the applicable tax rate the Combine Entity is required to pay.

Note 4. Current assets - trade and other receivables

	31 Mar 2019 US$	30 Jun 2018 US$
Trade receivables	4,326,396	2,304,291
Less unearned interest	(321,252)	(166,780)
	4,005,144	2,137,511
Other receivables	37,281	107,875
	4,042,425	2,245,386

Note 5. Current liabilities - borrowings

	31 Mar 2019 US$	30 Jun 2018 US$
HTI Management Pty Limited loan (1)	500,000	500,000
Convertible loans (2)	1,140,675	1,141,672
GCI Loan (3)	2,750,000	-
Jamada Holdings Pty Limited loan (4)	176,575	-
Bonec Pty Limited loan (5)	105,945	-
Derida Pty Limited loan (6)	282,520	-
HTI Management Pty Limited loan (7)	282,520	-
	5,238,235	1,641,672

Refer to note 10 for further information on financial instruments.

Note 5. Current liabilities - borrowings (continued)

(1) A loan with a limit of US$1,000,000 was entered into with HTT Management Pty Limited ("HTT") on 2 March 2016. The loan has a term of 39 months, is fully drawn and is not secured. Interest is charged at a fixed rate of 6% per annum.

(2) Convertible loan agreements were entered into between the Combined Entity and a number of parties and around 30 June 2018. The notes will convert to equity prior to Quickfee Limited listing on the ASX. The conversion of the loan is at the discretion of the Combined Entity.

The convertible loan has been classified as a liability as the loan has been issued in Australian dollars, which differs from the Combined Entity's presentation and functional currency of United States dollars. The ongoing value of the loan is therefore variable in nature.

(3) The GCI loan was entered into on 1 September 2017 and matures on 31 August 2019. The loan is secured over the assets of the Combined Entity. The loan accrues interest at 9% paid quarterly in arrears and has a limit of $5 million. Further drawdowns are at the lender's discretion. The loan does not have a conversion feature.

(4) A loan with Jamada Holdings Pty Limited was entered into on 26th November 2018. Jamada Holdings Pty Limited is an entity controlled by Bruce Coombes. The loan is repayable six months after the initial drawdown date. Interest is charged monthly at a rate of 10%, is non secured and will convert to equity prior to the initial public offering of Quickfee Limited.

(5) A loan with Bonec Pty Limited was entered into on 26th November 2018. Bonec Pty Limited is an entity controlled by Bruce Coombes. The loan is repayable six months after the initial drawdown date. Interest is charged monthly at a rate of 10%, is non secured and will convert to equity prior to the initial public offering of Quickfee Limited.

(6) A loan with Derida Pty Limited was entered into on 26th November 2018. Derida Pty Limited is an entity controlled by David Smorgon. The loan is repayable six months after the initial drawdown date. Interest is charged monthly at a rate of 10%, is non secured and will convert to equity prior to the initial public offering of Quickfee Limited.

(7) A loan with HTI Management Pty Limited was entered into on 26th November 2018. The loan is repayable six months after the initial drawdown date. Interest is charged monthly at a rate of 10%, is non secured is non secured and will convert to equity prior to the initial public offering of Quickfee Limited.

Note 6. Current liabilities - Trade and other payables

	31 Mar 2019 US$	30 Jun 2018 US$
Loan settlements payable	1,259,014	979,262
Other payables	35,206	53,062
	1,294,220	1,032,324

Note 7. Non-current liabilities - borrowings

	31 Mar 2019 US$	30 Jun 2018 US$
GCI Loan	-	1,550,000
	-	1,550,000

The GCI loan has been reclassified as a current liability as at 31 March 2019 please refer to note 5 for further details.

Note 8. Equity - issued capital

	31 Mar 2019 Shares	30 Jun 2018 Shares	31 Mar 2019 US$	30 Jun 2018 US$
Ordinary shares - fully paid	2,000,000	2,000,000	1,733,057	2,100,000

Movements in ordinary share capital

Details	Date	Shares	US$
Balance	30 June 2017	747,143	1,300,000
Issue of shares		1,252,857	800,000
Balance	30 June 2018	2,000,000	2,100,000
Costs of future capital raising*		-	(366,943)
Balance		2,000,000	1,733,057

*Costs of future capital raising relate to the proposed Initial Public Offering ("IPO") of Quickfee Limited on the ASX. These costs may be capitalised under accounting standards. If the IPO is unsuccessful these costs will be expensed through the Statement of Profit or Loss and Other Comprehensive Income.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Combined Entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Combined Entity 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 share shall have one vote.

Capital risk management
The Combined Entity'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.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

The Combined Entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from prior year.

Note 9. Equity - dividends

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

Note 10. Financial instruments

The Combined Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, and interest rate risk), credit risk and liquidity risk. The Combined Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Combined Entity. The Combined Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Risk management is carried out under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Combined Entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk
The Combined Entity's functional and presentation currency is United States dollars. As such the Combined Entity is not exposed to any significant risk with respect to foreign exchange other than convertible notes and borrowings provided by Jamada Holdings Pty Limited, Bonec Pty Limited and Derida Pty Limited in Australian dollars. A 5% movement in the foreign exchange rate between the Australian dollar and the United States dollar would change the carrying value of the loan by approximately US$99,411.

Price risk
The Combined Entity is not exposed to any significant price risk.

Interest rate risk
The Combined Entity is not exposed to interest rate risk as loans and borrowings and interest received as revenue from customers are set at fixed interest rates.

Credit risk
The Combined Entity is not exposed to any significant credit risk. The management of the Combined Entity perform full credit checks on any new customers signed up by the business. These checks are usually performed by third parties. If a debtor is not recoverable that has been sold to the Combined Entity this debt will be recovered from the customer in line with the contractual terms. At 31 March 2019 there are no debts which are outside their contractual terms. (30 June 2018: US$ nil)

Liquidity risk
Vigilant liquidity risk management requires the Combined Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Combined Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 10. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Combined Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

31 Mar 2019	Weighted average interest rate %	1 year or less US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Remaining contractual maturities US$
Non-derivatives						
Non-interest bearing						
Trade receivables	-	4,042,425	-	-	-	4,042,425
Prepayments	-	54,256	-	-	-	54,256
Trade and other payables	-	(1,294,220)	-	-	-	(1,294,220)
Interest-bearing - fixed rate						
Other loans	10.00%	(4,097,560)	-	-	-	(4,097,560)
Convertible notes payable	10.00%	(1,140,675)	-	-	-	(1,140,675)
Total non-derivatives		(2,435,774)	-	-	-	(2,435,774)

30 Jun 2018	Weighted average interest rate %	1 year or less US$	Between 1 and 2 years US$	Between 2 and 5 years US$	Over 5 years US$	Remaining contractual maturities US$
Non-derivatives						
Non-interest bearing						
Trade receivables	-	2,246,386	-	-	-	2,246,386
Prepayments	-	38,577	-	-	-	38,577
Trade and other payables	-	(1,032,324)	-	-	-	(1,032,324)
Interest-bearing - fixed rate						
Other loans	8.30%	(500,000)	(1,550,000)	-	-	(2,050,000)
Convertible notes payable	10.00%	(1,141,672)	-	-	-	(1,141,672)
Total non-derivatives		(389,033)	(1,550,000)	-	-	(1,939,033)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

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

Note 11. Key management personnel disclosures

The Key management personnel of the Combined Entity are as follows;

Dale Smorgon
Bruce Coombes
Dean Smorgon

No amounts were paid to the Directors of the Combined Entity during the year ended 31 March 2019, other than those disclosed in Note 14.

Note 12. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by, the auditor of the Combined Entity:

	Nine-month period ended 31 Mar 2019 US$	Year-ended 30 Jun 2018 US$
Audit services -		
Audit of the financial statements	7,000	21,094

Note 13. Contingent assets and liabilities

The Combined Entity does not have any contingent assets or liabilities at 31 March 2019 (30 June 2018: $nil).

Note 14. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 11.

Transactions with related parties
An Amount of US$52,500 was paid to Carrot Consulting Pty Limited, a Company for which Bruce Coombes is a Director, for consulting services in connection with the IPO of the Combined Entity. There were no other transactions with related parties during the financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
Loans to related parties are described in Note 5.

Note 15. Events after the reporting period

The following matters have significantly affected the Combined Entity since 31 March 2019.

On 16th April 2019 the Company agreed terms with EverBlu Capital Pty Ltd to replace the engagement letter entered into on 19 December 2017 with QuickFee Group LLC. The engagement was entered into in order to raise capital for the Combined Entity. As a result of the modification to the engagement letter the following was payable to EverBlu Capital Pty Ltd ("EverBlu");

- Pay EverBlu 4% of the portion of gross proceeds which is raised to specific investors as part of a seed capital raise noted in the agreement;
- Pay EverBlu 4% of the portion of gross proceeds which is raised to specific investors as part of a roadshow raise noted in the agreement;
- Immediately upon the Company receiving a letter from the ASX confirming the Company's conditional admission to the ASX official list issue to EverBlu the following options in the Company;
    - 1,000,000 options with an exercise price of $0.20 and a 3 year expiry;
    - 1,000,000 options with an exercise price of $0.30 and a 3 year expiry; and
    - 1,000,000 options with an exercise price of $0.40 and a 3 year expiry
- Within seven days after the effective date issue of the agreement issue 800,000 ordinary shares in the Company to EverBlu.
- Give EverBlu he exclusive right to make or procure subscriptions amounting to a further $1 million to be invested under new shares in the Initial public offering transaction.

No other matter or circumstance has arisen since 31 March 2019 that has significantly affected, or may significantly affect the Combined Entity's operations, the results of those operations, or the Combined Entity's state of affairs in future financial years.

Note 16. Reconciliation of loss after income tax to net cash used in operating activities

	Nine-month period ended 31 Mar 2019 US$	Year-ended 30 Jun 2018 US$
Loss after income tax expense for the year	(517,264)	(604,289)
Adjustments for:		
Depreciation and amortisation	5,363	2,686
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,797,039)	(1,162,429)
Increase in prepayments	(15,679)	(60,825)
Increase in trade and other payables	261,870	418,028
Net cash used in operating activities	(2,062,749)	(1,406,829)

Note 17: Proposed Initial Public Offering transaction

At present Quickfee USA Limited (to be renamed Quickfee Limited) is preparing for an Initial Public Offering ("IPO") on the ASX. Quickfee USA Limited is included within the Quickfee Group. As a result of the proposed IPO the following issue of options and shares will occur;

- Quickfee USA Limited will acquire 100% of Quickfee LLC via the issue of 26,250,000 initial consideration shares subject to the completion of the proposed IPO transaction and completion of a capital raise of AUD 13,500,000. In addition, 9,148,630 deferred consideration shares will be issued subject to specific performance hurdles. These shares will be issued in three tranches the terms of which are as follows;

  Tranche A: one third of the total shares will be granted when Quickfee LLC has successfully contracted more than 300 firms to the service within 24 months of the issue date.

  Tranche B: one third of the total shares will be granted when Quickfee LLC has an aggregate value of loans to customers in the service which exceed $6 million within 24 months of the issue date.

  Tranche C: one third of the total shares will be granted when Quickfee LLC has an aggregate value of loans to customers in the service which exceed $12 million within 24 months of the issue date.

- Quickfee USA Limited will also acquire 100% of Quickfee Pty Ltd for a cash consideration of $3,200,000 and the issue of 24,000,000 shares. subject to the completion of the proposed IPO transaction and completion of a capital raise of AUD 13,500,000.

- Shares and options issued to EverBlu as noted in the details of the modified engagement letter detailed in Note 15 will also be issued as part of the transaction.

- A total of 3,000,000 options will be issued to Bruce Coombes and 5,851,370 performance rights to staff members of the Combined Entity and Quickfee Pty Ltd.

QuickFee Group
Directors' declaration
For the nine-month period ended 31 March 2019

In the directors' opinion:

- the attached financial statements and notes comply with International Financial Reporting Standards and other mandatory professional reporting requirements as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Combined Entity's financial position as at 31 March 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Combined Entity will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Bruce Coombes
Director
30 April 2019

William Buck

QuickFee Group

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the QuickFee USA Limited, QuickFee Group LLC, QuickFee Inc, QuickFee GCI LLC and QuickFee Finance LLC known as the QuickFee Group, (the Group), which comprises the combined statement of financial position as at 31 March 2019, the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the nine-month period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Group's financial position as at 31 March 2019 and of its financial performance for the nine-month period then ended; and
(ii) complying with International Financial Reporting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with International Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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PRAXITY

Basis of preparation

We draw attention to Note 1 to the financial report which outlines the basis of preparation. The accompany financial report include the aggregated combined financial position as 31 March 2019 and the combined results of operations for the nine-month period then ended of five separate legal entities (QuickFee USA Limited, QuickFee Group LLC, QuickFee Inc, QuickFee GCI LLC and QuickFee Finance LLC) known as the QuickFee Group. Due to the effect of intercompany transactions, had separate financial reports been prepared for each of the legal entities, they would not necessarily be indicative of the results that would have occurred.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the nine-month period ended 31 March 2019, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

William Buck

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

N. S. Benbow
Director

Melbourne, 30 April 2019