Mad Paws Pty. Ltd.

ABN 78 600 835 425

Annual Report - 30 June 2019

The directors present their report, together with the financial statements, on the Company for the year ended 30 June 2019 and 30 June 2018.

Directors

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

Jan Pacas
Alexis Soulopoulos
Justus Hammer (appointed on 7 August 2020)
Rolf Weber (resigned on 5 May 2020)

Principal activities

During the financial year, the principal continuing activities of the Company consisted of the provision of an online pet platform, making the process of owning and caring for a pet more accessible, convenient and cheaper. The Company's platforms enable Pet Owners to find Pet Sitters who provide pet boarding and other services.

Dividends

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

Review of operations

The loss for the Company after providing for income tax amounted to $2,788,542 (30 June 2018: $2,255,835).

Refer to note 2 for further information on going concern.

Significant changes in the state of affairs

On 28 December 2018, the Company issued convertible notes. The notes are convertible into a variable number of ordinary shares of the Company, based on the market price per share at the date of conversion. Refer to note 13 for further information.

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

Matters subsequent to the end of the financial year

The impact of the Coronavirus ('COVID-19') pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is impacted by measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. While revenue in the period March 2020 to June 2020 was negatively impacted by COVID-19, the Company has returned to growth and is currently meeting budget.

On 22 December 2020, the Company entered into a Share Sale Agreement with Mad Paws Holdings Limited (formerly named Arugam Limited). The sale transaction was given effect via a share exchange, with existing Company shareholders obtaining newly issued shares in Mad Paws Holdings Limited. Following the completion of the sale transaction, the Company became a 100% subsidiary of Mad Paws Holdings Limited, with existing Company shareholders obtaining an 80% shareholding in Mad Paws Holdings Limited. The transaction resulted in the Company having access to an additional $975,000 of cash, being the cash balance held by Mad Paws Holdings Limited immediately prior to the sale transaction. Existing share options under the Company ESOP Plan were cancelled and replaced with new share options in Mad Paws Holdings Limited (under similar terms and conditions to the historical Company ESOP Plan).

On 23 December 2020, the newly formed group (being Mad Paws Holdings Limited and its 100% subsidiary, Mad Paws Pty Ltd) issued $5,600,000 of convertible notes to both new and existing investors. This gave the Group access to additional funding of $5,600,000 to fund future growth initiatives. These convertible notes will convert to ordinary shares on the occurrence of any of the following conversion events – Initial Public Offering ('IPO'), Share Sale, Asset Sale or a Capital Raising in excess of $5,000,000. The notes mature in 24 months and will be required to be repaid should they not have converted prior to maturity (repayable amount being principal plus 8% interest per annum).

The newly formed Group is in the process of preparing for an initial public offering ('Offer') of fully paid ordinary shares in Mad Paws Holdings Limited, with plans to have the Offer completed by March 2021.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

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

Shares under option
Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Exercise price	Number under option
01/07/2015	$0.35	1,889
01/10/2015	$0.35	10,500
15/11/2015	$0.35	1,340
01/02/2016	$0.35	1,340
26/04/2016	$14.76	2,690
01/07/2017	$0.35	3,681
01/09/2018	$3.65	1,304
17/09/2018	$3.65	326
09/01/2019	$3.65	17,400
15/01/2019	$3.65	1,250
01/02/2019	$3.65	1,250
03/06/2019	$2.52	652
08/07/2019	$2.52	3,922
24/02/2020	$2.93	350
01/07/2020 - 31/10/2020	$2.93	63,489
		111,383

As disclosed in note 24, events after the reporting period, as part of the Share Sale Agreement, on 22 December 2020, existing share options under the Company Employee Share Options Plan ('ESOP') were cancelled and replaced with new share options in Mad Paws Holdings Limited (under similar terms and conditions to the historical Company ESOP Plan).

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.

Shares issued on the exercise of options
There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

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 a liability to the extent permitted. 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 insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court 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.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors

DocuSigned by:
Jan Pacas
93C82BB1422B45C...

Jan Pacas
Chairman

DocuSigned by:
Justus Hammer
75C2348F10F7457...

Justus Hammer
Chief Executive Officer

12 January 2021

Crowe

Crowe Sydney
ABN 97 895 683 573

Level 15 1 O'Connell Street
Sydney NSW 2000
Australia

Tel +61 2 9262 2155
Fax +61 2 9262 2190

www.crowe.com.au

12 January 2021

The Board of Directors
Mad Paws Pty. Ltd.
55 Pyrmont Bridge Road
Pyrmont NSW 2009

Dear Board Members

Mad Paws Pty. Ltd.

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Mad Paws Pty. Ltd.

As lead audit partner for the audit of the financial report of Mad Paws Pty. Ltd. for the financial years ended 30 June 2019 and 30 June 2018, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Crowe Sydney.

Crowe Sydney

Barbara Richmond
Partner

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation.

Contents

Mad Paws Pty. Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	4	1,578,651	888,624
Other income	5	337,493	267,350
Interest revenue calculated using the effective interest method		127	4,209
Expenses			
Employee benefits expense		(1,492,105)	(1,318,609)
Contractors expense		(281,455)	(174,737)
Depreciation and amortisation expense		(114,632)	(55,628)
IT expenses		(502,317)	(371,984)
Marketing expenses		(1,743,397)	(1,139,088)
Occupancy costs		(75,525)	(72,759)
Professional and consultancy expenses		(79,734)	(68,419)
Travel expenses		(15,889)	(20,399)
Other expenses		(339,192)	(176,311)
Finance costs	6	(60,567)	(18,084)
Loss before income tax expense		(2,788,542)	(2,255,835)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Mad Paws Pty. Ltd.		(2,788,542)	(2,255,835)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Mad Paws Pty. Ltd.		(2,788,542)	(2,255,835)

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

Mad Paws Pty. Ltd.
Statement of financial position
As at 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	8	1,262,276	1,682,018
Research and development tax incentive	7	321,666	252,319
Other	9	185,324	640,761
Total current assets		1,769,266	2,575,098
Non-current assets			
Intangibles	10	494,411	277,781
Total non-current assets		494,411	277,781
Total assets		2,263,677	2,852,879
Liabilities			
Current liabilities			
Trade and other payables	11	362,116	235,932
Contract liabilities	12	115,211	68,279
Borrowings	13	1,530,638	2,855
Employee benefits		78,312	73,799
Other	14	1,135,363	825,697
Total current liabilities		3,221,640	1,206,562
Non-current liabilities			
Employee benefits		26,486	15,188
Total non-current liabilities		26,486	15,188
Total liabilities		3,248,126	1,221,750
Net assets/(liabilities)		(984,449)	1,631,129
Equity			
Issued capital	15	6,130,266	6,130,266
Reserves	16	432,783	259,819
Accumulated losses		(7,547,498)	(4,758,956)
Total equity/(deficiency)		(984,449)	1,631,129

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

Mad Paws Pty. Ltd.
Statement of changes in equity
For the year ended 30 June 2019

	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	1,224,777	187,994	(2,503,121)	(1,090,350)
Loss after income tax expense for the year	-	-	(2,255,835)	(2,255,835)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,255,835)	(2,255,835)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	4,905,489	-	-	4,905,489
Share-based payments (note 23)	-	71,825	-	71,825
Balance at 30 June 2018	6,130,266	259,819	(4,758,956)	1,631,129

	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2018	6,130,266	259,819	(4,758,956)	1,631,129
Loss after income tax expense for the year	-	-	(2,788,542)	(2,788,542)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,788,542)	(2,788,542)
Transactions with owners in their capacity as owners:				
Share-based payments (note 23)	-	172,964	-	172,964
Balance at 30 June 2019	6,130,266	432,783	(7,547,498)	(984,449)

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

Mad Paws Pty. Ltd.
Statement of cash flows
For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,266,210	5,334,359
Payments to suppliers and employees (inclusive of GST)		(3,759,218)	(2,757,382)
Payments to suppliers - sitters payment		(6,330,961)	(4,138,086)
		(1,823,969)	(1,561,109)
Interest received		127	4,246
Other revenue		15,827	15,031
Interest and other finance costs paid		(1,368)	-
Research and development tax incentive		252,319	240,331
Net cash used in operating activities		(1,557,064)	(1,301,501)
Cash flows from investing activities			
Payments for property, plant and equipment		(15,261)	(7,000)
Payments for intangibles	10	(316,001)	(228,041)
Net cash used in investing activities		(331,262)	(235,041)
Cash flows from financing activities			
Proceeds from issue of shares	15	-	2,704,565
Share issue transaction costs		-	(97,427)
Proceeds from convertible notes		1,486,571	-
Convertible note transaction costs		(17,987)	-
Net cash from financing activities		1,468,584	2,607,138
Net increase/(decrease) in cash and cash equivalents		(419,742)	1,070,596
Cash and cash equivalents at the beginning of the financial year		1,682,018	611,422
Cash and cash equivalents at the end of the financial year	8	1,262,276	1,682,018

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

Note 1. General information

The financial statements cover Mad Paws Pty. Ltd. as an individual entity. The financial statements are presented in Australian dollars, which is Mad Paws Pty. Ltd.'s functional and presentation currency.

Mad Paws Pty. Ltd. is a company limited by shares.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 January 2021. The directors have the power to amend and reissue the financial statements.

Note 2. 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 or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 9 Financial Instruments
The Company has adopted AASB 9 from 1 July 2018. The standard introduced 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 that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are 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 or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, 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 use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using 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. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers
The Company has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption
The adoption of these standards resulted in the following adjustments:
- Interest receivable is no longer presented in revenue and is now presented separately on the face of profit or loss: and
- Deferred revenue is now shown as contract liabilities.

Note 2. Significant accounting policies (continued)

There was no change in the carrying amounts on the adoption of AASB 9 and AASB 15 as at 1 July 2018.

Going concern

The Company has prepared the financial statements for the year ended 30 June 2019 on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2019, the company recorded a net loss of $2,788,542 (2018: net loss $2,255,835) and had net cash outflows from operating activities of $1,557,064 (2018: $1,301,501). At 30 June 2019, the Company had cash and cash equivalents of $1,262,276 (2018: $1,682,018) and net liabilities of $984,449 (2018: net assets of $1,631,129).

The following matters have been considered by the directors when determining the appropriateness of the going concern assumption:

- While revenue in the period March 2020 to June 2020 was negatively impacted by COVID-19, the business has returned to growth and is currently meeting budget. As travel restrictions continue to be unwound by the Australian Government, it is expected that this will have a positive impact on year on year revenue growth over the coming months.
- A significant portion of marketing expense and employee benefit expense relates to expenditure on activities to drive future growth in the business, as opposed to maintaining current levels of operations.
- As described in note 24, events after the reporting period, on 22 December 2020, the Company entered into a Share Sale Agreement with Mad Paws Holdings Limited (formerly named Arugam Limited). The transaction resulted in the Company having access to an additional $975,000 of cash, being the cash balance held by Mad Paws Holdings Limited immediately prior to the sale transaction.
- The Company has consistently demonstrated the ability to raise capital from investors. As described in note 24, events after the reporting period, on 23 December 2020, the newly formed group (being Mad Paws Holdings Limited and its 100% subsidiary, Mad Paws Pty Ltd) issued $5,600,000 of convertible notes to both new and existing investors. This gave the Group access to additional funding of $5,600,000 to fund current operations and future growth initiatives.
- The cashflow forecast for the Company for the next 12 months demonstrates the ability of the Company to continue as a going concern.
- The convertible note debt at 30 June 2019 of $1,530,638 subsequently converted to equity in September 2019.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that might be necessary should the Company not continue as a going concern.

Initial adoption of AASB 1 'First-time Adoption of Australian Accounting Standards'

The Company previously prepared management accounts for internal purposes that adopted only selected recognition and measurement of Australian Accounting Standards. These financial statements are the first prepared under Australian Accounting Standards and therefore the accounting policies have been retrospectively applied to all periods presented. There are no reconciling differences either (i) at the date of transition to Australian Accounting Standards (1 July 2017); and (ii) the end of the previous comparative period (30 June 2017).

Basis of preparation

Although the Company is not a reporting entity and is not subject to Part 2M.3 of the Corporations Act, these general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for for-profit oriented entities.

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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Note 2. Significant accounting policies (continued)

Revenue recognition

The Company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Judgment is required in determining whether the Company is the principal or agent in the delivery of the services. The Company has determined that it is an agent, and therefore recognises revenue on a net basis, for the following reasons:
(i) The Company does not pre-purchase or otherwise obtain control of the services prior to the transfer to the end-user.
(ii) The Company does not direct the pet sitters to perform the service on the Company's behalf, and the pet sitters have the sole ability to decline a transaction request.
(iii) The Company does not set the price for the services.

Booking fee
Booking fee revenue is recognised at the point in time of booking the sitting service. This is non-refundable should pet owners cancel the booking.

Service fee
Service fee revenue is recognised at the point in time of commencement of the sitting service.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

Research and development tax incentive
The Company has adopted the income approach to accounting for research and development tax incentive pursuant to AASB 120 'Accounting for Government Grant and Disclosure of Government Assistance' whereby the incentive is recognised in profit or loss on a systematic basis over the periods in which the Company recognises the eligible expenses. Where the research and development costs are capitalised as an intangible asset, the Company recognises the incentive as income in profit or loss on a systematic basis matching the useful life of the asset.

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.

Note 2. Significant accounting policies (continued)

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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

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 Company will obtain ownership at the end of the lease term.

Note 2. Significant accounting policies (continued)

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.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website and software development

Website and software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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 Company 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.

Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

Sitter deposit accounts

Sitter deposit accounts represent liabilities to sitters comprising the following:

- Payments for bookings made where the sitting event has not yet occurred; or
- Amounts due to sitters post the sitting event, which have not yet been redeemed.

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.

Convertible notes are classified as debt until the time of conversion to equity. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly 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 within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 high quality 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 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 either the Binomial or 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 Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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 the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

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.

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.

Note 2. Significant accounting policies (continued)

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 3. 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.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the Company operates. While revenue in the period March 2020 to June 2020 was negatively impacted by COVID-19, subsequent to year-end the business has returned to growth and is currently meeting budget. As travel restrictions continue to be unwound by the Australian Government, it is expected that this will have a positive impact on revenue growth over the coming months.

Share-based payment transactions
The Company 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 either the Binomial or 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.

Estimation of useful lives of assets
The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Capitalised development software
Capitalised development software costs have been capitalised on the basis that the software project to which they relate will be a success considering its commercial and technical feasibility, from which time the costs will be amortised. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered through the successful commercialisation of the software assets. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Research and development tax incentives
The Company determines the estimated research and development tax incentive. These calculations incorporate a number of key assumptions and estimates to determine the expenditure that is eligible for the research and development tax incentive.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Revenue

	2019 $	2018 $
Rendering of services - booking fee	314,820	136,857
Rendering of services - service fee	1,263,831	751,767
Revenue	1,578,651	888,624

Disaggregation of revenue
Revenue from contracts with customers is derived from bookings fees and service fees.

Booking fee
Booking fee revenue is recognised at the point in time of booking the sitting service. This is non-refundable should pet owners cancel the booking.

Service fee
Service fee revenue is recognised at the point in time of commencement of the sitting service.

All revenue from contracts with customers is generated in Australia.

Note 5. Other income

	2019 $	2018 $
Rental income	15,827	15,031
Research and development rebate	321,666	252,319
Other income	337,493	267,350

Note 6. Expenses

	2019 $	2018 $
Loss before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable	60,567	18,084
Rental expense relating to operating leases		
Total rental expense relating to operating leases	76,525	72,759
Superannuation expense		
Defined contribution superannuation expense	110,390	97,284

Note 7. Income tax

	2019 $	2018 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,788,542)	(2,255,835)
Tax at the statutory tax rate of 27.5%	(766,849)	(620,355)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent differences	229,334	162,334
	(537,515)	(458,021)
Current year tax losses not recognised	537,515	458,021
Income tax expense	-	-

	2019 $	2018 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	4,701,241	2,937,907
Potential tax benefit @ 27.5%	1,292,841	807,924

The above 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.

	2019 $	2018 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Employee benefits	28,819	24,471
Total deferred tax assets not recognised	28,819	24,471

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Income tax (continued)

	2019 $	2018 $
Research and development tax incentive		
Research and development tax incentive	321,666	252,319

Note 8. Current assets - cash and cash equivalents

	2019 $	2018 $
Cash on hand	177	177
Cash at bank	1,262,099	1,681,841
	1,262,276	1,682,018

Note 9. Current assets - other

	2019 $	2018 $
Prepayments	185,324	640,761

Note 10. Non-current assets - intangibles

	2019 $	2018 $
Patents and trademarks - at cost	1,803	1,803
Website and software development - at cost	672,293	356,292
Less: Accumulated amortisation	(179,685)	(80,314)
	492,608	275,978
	494,411	277,781

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

	Patents and trademarks $	Website and software development $	Total $
Balance at 1 July 2018	1,803	275,978	277,781
Additions	-	316,001	316,001
Amortisation expense	-	(99,371)	(99,371)
Balance at 30 June 2019	1,803	492,608	494,411

Note 11. Current liabilities - trade and other payables

	2019 $	2018 $
Accrued expenses and other payables	359,713	235,322
GST payable	2,403	610
	362,116	235,932

Note 12. Current liabilities - contract liabilities

	2019 $	2018 $
Contract liabilities (2018: deferred revenue)	115,211	68,279

Note 13. Current liabilities - borrowings

	2019 $	2018 $
Convertible notes payable	1,530,638	2,855

On 28 December 2018, the Company issued convertible notes, with a face value of $1, for total proceeds of $1,486,571. Interest is paid at a rate of 8% per annum from the date of issue to the date of conversion of the notes. The notes are convertible into a variable number of ordinary shares of the Company, based on the market price per share at the date of conversion. The notes are convertible on the occurrence of any of the following events:

(1) An Exit event
(2) Completion of qualifying financing
(3) On maturity of the note (being 1 year post the issue date).

Transaction costs of $16,500 at the date of issue have been offset against the convertible note payable liability.

These notes subsequently converted to equity in September 2019.

Note 14. Current liabilities - other

	2019 $	2018 $
Sitter deposit accounts	1,135,363	825,697

Note 15. Equity - issued capital

	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	392,701	392,701	5,130,266	5,130,266
Preference shares - fully paid	32,598	32,598	1,000,000	1,000,000
	425,299	425,299	6,130,266	6,130,266

Note 15. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	246,559		1,224,777
Conversion of convertible loan to ordinary shares		57,988	$22.39	1,298,351
Issue of shares		88,154	$30.68	2,704,565
Share issue transaction costs, net of tax		-	$0.00	(97,427)
Balance	30 June 2018	392,701		5,130,266
Balance	30 June 2019	392,701		5,130,266

Movements in preference

Details	Date	Shares	Issue price	$
Balance	1 July 2017	-		-
Preference shares issued	13 November 2017	32,598	$30.68	1,000,000
Balance	30 June 2018	32,598		1,000,000
Balance	30 June 2019	32,598		1,000,000

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 share shall have one vote.

Preference shares
Preference 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, with priority over ordinary shareholders.

Preference shares do not have any voting rights.

Note 16. Equity - reserves

	2019 $	2018 $
Share-based payments reserve	432,783	259,819

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 16. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based payments $
Balance at 1 July 2017	187,994
Share-based payments	71,825
Balance at 30 June 2018	259,819
Share-based payments	172,964
Balance at 30 June 2019	432,783

Note 17. Equity - dividends

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

Note 18. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 19. Key management personnel disclosures

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

	2019 $	2018 $
Aggregate compensation	344,161	256,980

Note 20. Contingent liabilities

There are no contingent liabilities as at 30 June 2019 and 30 June 2018.

Note 21. Commitments

	2019 $	2018 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	44,632	72,662
One to five years	-	44,632
	44,632	117,294

The Company leases an office space under an agreement for three years, which includes options to extend. The lease has escalation clauses at each extension period. On renewal, the terms of the lease is negotiated.

Note 22. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 19.

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

Note 23. Share-based payments

Employee share options have been granted to certain employees as part of their remuneration package. Options vest over 3 years, subject to the employees satisfying the vesting condition, which is an employment condition. There are no other vesting conditions attaching to the share options. Options vest as follows: one third over 12 months after start date, one third over 24 months after start date and one third over 36 months after start date. The options have no expiry date.

2019

Grant date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2015	$0.35	1,889	-	-	-	1,889
01/10/2015	$0.35	10,500	-	-	-	10,500
15/11/2015	$0.35	1,340	-	-	-	1,340
01/02/2016	$0.35	1,340	-	-	-	1,340
26/04/2016	$14.76	2,690	-	-	-	2,690
01/07/2017	$0.35	3,681	-	-	-	3,681
01/10/2017	$3.64	489	-	-	(489)	-
01/09/2018	$3.65	-	1,467	-	-	1,467
17/09/2018	$3.65	-	326	-	-	326
09/01/2019	$3.65	-	17,400	-	-	17,400
15/01/2019	$3.65	-	1,250	-	-	1,250
01/02/2019	$3.65	-	1,250	-	-	1,250
03/06/2019	$2.52	-	652	-	-	652
		21,929	22,345	-	(489)	43,785

2018

Grant date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/07/2015	$0.35	1,889	-	-	-	1,889
01/10/2015	$0.35	10,500	-	-	-	10,500
15/11/2015	$0.35	1,340	-	-	-	1,340
26/04/2016	$0.35	1,340	-	-	-	1,340
01/07/2017	$14.76	2,690	-	-	-	2,690
01/10/2017	$0.35	-	3,681	-	-	3,681
01/01/2015	$3.64	-	489	-	-	489
		17,759	4,170	-	-	21,929

Note 23. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	2019 Number	2018 Number
01/07/2015	1,889	1,259
01/10/2015	10,500	7,000
15/11/2015	1,340	893
01/02/2016	1,340	893
26/04/2016	2,690	1,793
01/07/2017	1,227	-
	18,986	11,838

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Notional expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/09/2018	01/09/2021	$30.68	$3.65	60.00%	-	2.00%	$27.300
17/09/2018	17/09/2021	$30.68	$3.65	60.00%	-	2.05%	$27.310
09/01/2019	09/01/2022	$22.86	$3.65	60.00%	-	1.83%	$19.520
15/01/2019	15/01/2022	$22.86	$3.65	60.00%	-	1.80%	$19.520
01/02/2019	01/02/2022	$22.86	$3.65	60.00%	-	1.74%	$19.510
03/06/2019	03/06/2022	$22.86	$2.52	60.00%	-	0.12%	$20.460

Note 24. Events after the reporting period

The impact of the Coronavirus ('COVID-19') pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is impacted by measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. While revenue in the period March 2020 to June 2020 was negatively impacted by COVID-19, the Company has returned to growth and is currently meeting budget.

On 22 December 2020, the Company entered into a Share Sale Agreement with Mad Paws Holdings Limited (formerly named Arugam Limited). The sale transaction was given effect via a share exchange, with existing Company shareholders obtaining newly issued shares in Mad Paws Holdings Limited. Following the completion of the sale transaction, the Company became a 100% subsidiary of Mad Paws Holdings Limited, with existing Company shareholders obtaining an 80% shareholding in Mad Paws Holdings Limited. The transaction resulted in the Company having access to an additional $975,000 of cash, being the cash balance held by Mad Paws Holdings Limited immediately prior to the sale transaction. Existing share options under the Company ESOP Plan were cancelled and replaced with new share options in Mad Paws Holdings Limited (under similar terms and conditions to the historical Company ESOP Plan).

On 23 December 2020, the newly formed group (being Mad Paws Holdings Limited and its 100% subsidiary, Mad Paws Pty Ltd) issued $5,600,000 of convertible notes to both new and existing investors. This gave the Group access to additional funding of $5,600,000 to fund future growth initiatives. These convertible notes will convert to ordinary shares on the occurrence of any of the following conversion events – Initial Public Offering ('IPO'), Share Sale, Asset Sale or a Capital Raising in excess of $5,000,000. The notes mature in 24 months and will be required to be repaid should they not have converted prior to maturity (repayable amount being principal plus 8% interest per annum).

The newly formed Group is in the process of preparing for an initial public offering ('Offer') of fully paid ordinary shares in Mad Paws Holdings Limited, with plans to have the Offer completed by March 2021.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements;
- the attached financial statements and notes presents fairly, the Company's financial position as at 30 June 2019 and 30 June 2018 and of its performance for the financial year ended on these dates; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

DocuSigned by:
Jan Pacas
93C82BB1422B45E...
Jan Pacas
Chairman

DocuSigned by:
Justus Hammer
75E2348F10F7457...
Justus Hammer
Chief Executive Officer

12 January 2021

Crowe Sydney
ABN 97 895 683 573

Level 15 1 O'Connell Street
Sydney NSW 2000
Australia

Tel +61 2 9262 2155
Fax +61 2 9262 2190

www.crowe.com.au

Independent Auditor's Report to the Members of Mad Paws Pty. Ltd.

Opinion

We have audited the financial report of Mad Paws Pty. Ltd. (the Company) which comprises the statement of financial position as at 30 June 2019 and 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Mad Paws Pty. Ltd. presents fairly, in all material respects, the financial position of the Company as at 30 June 2019 and 30 June 2018, and its financial performance and its cashflows for the years then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

Basis for Opinion

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

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

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

The directors are responsible for the other information. The other information is the director's report accompanying the financial report. Our opinion on the financial report does not cover the other information and accordingly 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 consistent 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 and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that 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 Company 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian 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 Company'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 Company'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 Company 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.

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 the audit.

Crowe Sydney.

Crowe Sydney

Barbara Richmond
Partner

12 January 2021
Sydney