AXXIS TECHNOLOGY GROUP LTD

ABN 98 009 805 298

Annual Report for the Year Ended 30 June 2018

Annual Report
For the year ended 30 June 2018

Contents

Corporate Directory

Board of Directors

Mr Jeremy King	(Non-Executive Director) (appointed 11 January 2017)
Mr Eddie King	(Non-Executive Director) (appointed 11 January 2017)
Mr Justyn Stedwell	(Non-Executive Director) (appointed 31 March 2016)

Secretary

Mr Mauro Piccini (appointed 7 November 2017)

Registered Office

Suite 2, Level 1
1 Altona Street
West Perth WA 6005

Telephone: 08 6559 1792
Website: www.axxis.com

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: AYG)

Auditors

Crowe Horwath Sydney
Level 15
1 O'Connell Street
Sydney NSW 2000

Bankers

Westpac Banking Corporation
Level 13, 109 St Georges Terrace
Perth WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

Telephone: 1300 787 272

Directors' Report

The Directors of Axxis Technology Group Ltd ("Axxis" or "the Company") present their report, together with the financial statements of the Company for the year ended 30 June 2018.

DIRECTORS
The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Justyn Stedwell | Non-Executive Director
(Appointed 30 March 2016)

Mr Stedwell holds a Bachelor of Business and Commerce (Management and Economics) at Monash University, a Graduate Diploma of accounting at Deakin University, a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia and a Graduate Certificate of Applied Finance with Kaplan Professional.

Mr Stedwell does not hold and has not held a directorship in any other public listed company over the past 3 years.

Jeremy King | Non-Executive Director
(Appointed 11 January 2017)

Mr King is a corporate lawyer and adviser with over 15 years' experience in domestic and international legal, financial and corporate matters. Mr King is a director of a boutique corporate advisory and compliance business where he specializes in corporate and strategic advice and managing legal issues associated with clients. He spent several years in London where he worked with Allen and Overy LLP and Debevoise & Plimpton LLP and has extensive experience, particularly in relation to cross border private equity, leveraged buy-out acquisitions and acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings. He regularly advises ASX listed companies on corporate and commercial matters.

During the past three years, Mr King held the following directorships in other ASX listed companies:

- Executive Director of Red Mountain Mining Limited (current);
- Non-Executive Chairman of Pure Minerals Limited (current);
- Non-Executive Director of Transcendence Technologies Limited (current);
- Non-Executive Director of DTI Group Limited (current);
- Non-Executive Director of Smart Parking Limited (current);
- Non-Executive Director of EHR Resources Limited (current);
- Non-Executive Director of Tando Resources Limited (current);
- Non-Executive Director of Aquaint Capital Holdings Limited (resigned October 2017); and
- Non-Executive Director of Plukka Limited (resigned December 2015).

Eddie King | Non-Executive Director
(Appointed 11 January 2017)

Mr King is a qualified Mining Engineer. He holds a Bachelor of Commerce and Bachelor of Engineering from the University of Western Australia. His past experience includes being manager for an investment banking firm, where he specialised in the technical and financial requirements of bulk commodity and other resources projects.

During the past three years, Mr King held the following directorships in other ASX listed companies:

- Non-Executive Chairman of Bowen Coking Coal Limited;
- Non-Executive Director of Pure Minerals Limited;
- Non-Executive Director of Six Sigma Metals Limited;
- Non-Executive Director of Sultan Resources Limited;
- Non-Executive Director of European Cobalt Limited;
- Non-Executive Director and Chairman of Easter Iron Limited;
- Non-Executive Director of Drake Resources Limited; and
- Non-Executive Chairman of Lindian Resources Limited (resigned).

Directors' Report

COMPANY SECRETARY

Mauro Piccini
(Appointed 06 November 2017)

Mr Piccini is a Chartered Accountant (CA) and a member of the Governance Institute of Australia (GIA). He specialises in corporate advisory, company secretarial and financial management services. Mauro spent 7 years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares and options of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Share Options
Mr Justyn Stedwell	5,000	-
Mr Jeremy King	-	-
Mr Eddie King	-	-
Total	**5,000**	**-**

Directors' Report

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year consisted of an investment company continuing a wider search for acquisition opportunities that would enable the Company to re-commence active trading in a profitable business sector.

REVIEW AND RESULTS OF OPERATIONS

Overview

As outlined above, the Company has continued with its strategy to seek a suitable company that was adequately capitalised with which to merge its operating business.

Financial Performance

The financial results of the Company for the year ended 30 June 2018 are:

	30-Jun-18 $	30-Jun-17 $
Cash and cash equivalents	**205,045**	422,008
Net Assets	**188,484**	407,196
Revenue	**21,643**	348
Net loss after tax	**(218,712)**	(263,548)

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

No dividend is recommended in respect of the current financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in state of affairs during and subsequent to the end of the financial year include:

Board Appointments and Resignations

On 6 November 2017, the Company appointed Mauro Piccini as Company Secretary of Axxis Technology Group Ltd. On the same day, Justyn Stedwell resigned as Company Secretary.

Directors' Report

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company continues to seek suitable business assets to acquire.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Direct held office are:

Director	Number Eligible to Attend	Number Attended
Mr Justyn Stedwell	2	2
Mr Jeremy King	2	2
Mr Eddie King	2	2

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement.

Directors' Report

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2018 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Company during or since the end of the financial year were:

Mr Justyn Stedwell	Non-Executive Director (appointed 31 March 2016)
Mr Jeremy King	Non-Executive Director (appointed 11 January 2017)
Mr Eddie King	Non-Executive Director (appointed 11 January 2017)

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A Remuneration Philosophy
B Remuneration Governance, Structure and Approvals
C Remuneration and Performance
D Details of Remuneration
E Service Agreements
F Share-based Compensation
G Equity Instruments Issued on Exercise of Remuneration Options
H Loans with KMP
I Other Transactions with KMP

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Company. KMP of the Company comprise of the Board of Directors.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Company's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Company renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Directors' Report

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ **Non-Executive Remuneration Structure**

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall initially be no more than A$200,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

❖ **Executive Remuneration Structure**

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Company, the performance of the Executives and the general pay environment.

The remuneration of Executives is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

❖ **Executive Remuneration Approvals**

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and performance of the executives.

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Company as at 30 June 2018.

	30-Jun-18	30-Jun-17
Revenue ($)	**21,643**	**348**
Net loss after tax ($)	**(218,712)**	**(263,548)**
EPS (cents)	**(0.562)**	**(0.979)**

Directors' Report

Relationship between Remuneration and Company Performance

Given the recent listing of the Company and the current phase of the Company's development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

a) Fixed Remuneration – base salary
b) Variable Short-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year.

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Company during the financial year are:

Table 1 – Remuneration of KMP of the Company for the year ended 30 June 2018 is set out below:

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options	
30 June 2018	$	$	$	$	$	$
Directors						
Justyn Stedwell (i)	24,000	-	-	-	-	24,000
Eddie King (ii)	24,000	-	-	-	-	24,000
Jeremy King (iii)	24,000	-	-	-	-	24,000
Total	**72,000**	**-**	**-**	**-**	**-**	**72,000**

(i) An amount of $24,000 has been paid to Stedwell Corporate Pty Ltd relating to Justyn Stedwell's Director's fees.
(ii) An amount of $24,000 has been paid/ is payable to CPS Capital Pty Ltd relating to Eddie King's Director's fees.
(iii) An amount of $24,000 has been paid to Bushwood Nominees Pty Ltd relating to Jeremy King's Director's fees.

Directors' Report

30 June 2017	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options	
	$	$	$	$	$	$
Directors						
Justyn Stedwell	29,498	-	-	-	-	29,498
Eddie King (i)	11,355	-	-	-	-	11,355
Jeremy King (ii)	11,315	-	-	-	-	11,315
Peter Kazacos (iii)	18,050	-	-	-	-	18,050
Chris Calamos (iv)	18,050	-	-	-	-	18,050
Total	**88,268**	**-**	**-**	**-**	**-**	**88,268**

(i) An amount of $11,355 has been paid to CPS Capital Pty Ltd relating to Eddie King's Director's fees.
(ii) An amount of $11,315 has been paid/is payable to Bushwood Nominees Pty Ltd relating to Jeremy King's Director's fees.
(iii) An amount of $18,050 has been paid to KPower Pty Ltd relating to Peter Kazacos Director's Fees. Director Fees paid to 11 January 2017, the date Mr Kazacos resigned from the Company.
(iv) An amount of $18,050 has been paid to C-CAL Consulting relating to Chris Calamos Director's Fees. Director Fees paid to 11 January 2017, the date Mr Calamos resigned from the Company.

On 11 January 2017, the Company appointed Mr Eddie King and Mr Jeremy King as Non-Executive Directors of Axxis Technology Group Ltd. On the same day, Mr Peter Kazacos and Mr Chris Calamos resigned as Directors.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 2 – Relative proportion of fixed vs variable remuneration expense

Name	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	2018	2017	2018	2017	2018	2017
Directors						
Justyn Stedwell	**100%**	100%	-	-	-	-
Eddie King	**100%**	100%	-	-	-	-
Jeremy King	**100%**	100%	-	-	-	-
Peter Kazacos (i)	**-**	100%	-	-	-	-
Chris Calamos (ii)	**-**	100%	-	-	-	-

(i) Mr Kazacos resigned on 11 January 2017.
(ii) Mr Calamos resigned on 11 January 2017.

Table 3 – Shareholdings of KMP (direct and indirect holdings)

30 June 2018	Balance at 01/07/2017	Granted as Remuneration	On Exercise of Options	Net Change – Other	Balance at 30/06/2018
Directors					
Justyn Stedwell	7,650	-	-	9,850	17,500
Eddie King	-	-	-	-	-
Jeremy King	-	-	-	-	-
Total	**7,650**	-	-	**9,850**	**17,500**

E Service Agreements

There are no Executives or Key Management Personnel under service agreements at 30 June 2018.

Directors' Report

F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Options

At the date of this report, there were no unissued ordinary shares of the Company under option.

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2018.

I Other Transactions with KMP

Related Party Transactions

	2018 $	2017 $
The following related party transactions were made during the year ended 30 June 2018:		
Director Fees paid to CPS Capital Group Pty Ltd (i)	**24,000**	-
Director Fees paid to Bushwood Nominees Pty Ltd (ii)	**24,000**	-
Director Fees paid to Stedwell Corporate Pty Ltd (iii)	**24,000**	-
Financial management fees paid to Mirador Corporate Pty Ltd (ii)	**67,625**	15,500
Legal fees paid to Law Corporation Pty Ltd (iv)	**-**	25,000
Office rent paid to Kazacos Industries Pty Ltd (iv)	**-**	5,000
Administration services paid to K Power Pty Ltd (iv)	**-**	12,500
Consulting fees paid to C-CAL Consulting (v)	**-**	20,900

(i) An entity in which Eddie King was a Director during the period.
(ii) An entity in which Jeremy King is a Director.
(iii) An entity in which Justyn Stedwell is a Director.
(iv) An entity in which Peter Kazacos is a Director.
(v) An entity in which Chris Calamos is the Principal.

There were no other transactions with KMP during the year ended 30 June 2018.

End of Audited Remuneration Report.

Directors' Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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 by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company 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.

AUDITOR

Crowe Horwath Sydney continues in office in accordance with section 327 of the Corporations Act 2001.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF CROWE HORWATH SYDNEY

There are no officers of the company who are former partners at Crowe Horwath Sydney.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

No non-audit services provided by the auditor during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and included within these financial statements.

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

Jeremy King
Non-Executive Director
28 August 2018

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International

Audit and Assurance Services

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28 August 2018

The Board of Directors
Axxis Technology Group Ltd
Suite 2, Level 1
1 Altona Street
WEST PERTH WA 6005

Dear Board Members,

Axxis Technology Group 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 Axxis Technology Group Ltd.

As lead audit partner for the audit of the financial statements of Axxis Technology Group Ltd for the financial year ended 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 Horwath Sydney

Crowe Horwath Sydney

JHaydon

John Haydon
Senior Partner

Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2018

	Note	2018 $	2017 $
Revenue from continuing operations			
Revenue	4	**21,643**	348
Expenses			
Administrative expenses		**(24,953)**	(17,125)
Compliance and regulatory expenses		**(35,443)**	(42,384)
Consultant and corporate advisory fees		**(20,000)**	(10,000)
Director and company secretary fees		**(72,000)**	(88,268)
Occupancy expenses		**-**	(5,000)
Other expenses	5	**(87,959)**	(101,119)
Finance costs			-
Loss before income tax		**(218,712)**	(263,548)
Income tax expense	6	**-**	-
Loss after income tax		**(218,712)**	(263,548)
Other comprehensive income			
Other comprehensive income for the year, net of income tax		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive loss attributable to the members of Axxis Technology Group Ltd		**(218,712)**	(263,548)
Loss per share for the year attributable to the members of Axxis Technology Group Ltd:			
Basic loss per share (cents)	7	**(0.562)**	(0.979)
Diluted loss per share (cents)	7	**(0.562)**	(0.979)

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2018

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**205,045**	422,008
Trade and other receivables	9	**7,672**	2,269
Total current assets		**212,717**	424,277
Total assets		**212,717**	424,277
LIABILITIES			
Current liabilities			
Trade and other payables	10	**24,233**	17,081
Total current liabilities		**24,233**	17,081
Total liabilities		**24,233**	17,081
Net assets		**188,484**	407,196
EQUITY			
Contributed equity	11	**51,548,154**	51,548,154
Accumulated losses		**(51,359,670)**	(51,140,958)
Total equity		**188,484**	407,196

The Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the Financial Year Ended 30 June 2018

	Issued Capital $	Other Equity $	Share-based Payment Reserve $	Accumulated Losses $	Total $
At 1 July 2017	**51,548,154**	**-**	**-**	**(51,140,958)**	**407,196**
Loss after income tax for the year	-	-	-	(218,712)	(218,712)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the year after tax	-	-	-	(218,712)	(218,712)
Transactions with owners in their capacity as owners	-	-	-	-	-
At 30 June 2018	**51,548,154**	**-**	**-**	**(51,359,670)**	**188,484**
At 1 July 2016	**51,197,154**	**-**	**-**	**(50,877,410)**	**319,744**
Loss after income tax for the year	-	-	-	(263,548)	(263,548)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the year after tax	-	-	-	(263,548)	(263,548)
Transactions with owners in their capacity as owners:					
Issue of share capital	400,000	-	-	-	400,000
Share issue costs	(49,000)	-	-	-	(49,000)
At 30 June 2017	**51,548,154**	**-**	**-**	**(51,140,958)**	**407,196**

The Statement of Changes in Equity should be read
in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the Financial Year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		**-**	-
Payments to suppliers and employees		**(238,606)**	(284,194)
Interest received		**21,643**	348
Interest paid and other finance costs		**-**	-
Net cash used in operating activities	8(a)	**(216,963)**	(283,846)
Cash flows from investing activities			
Payment of Loan to WindTurbine Pty Ltd from AYG		**(200,000)**	
Payment of Loan from WindTurbine Pty Ltd to AYG		**200,000**	-
Net cash from investing activities		**-**	-
Cash flows from financing activities			
Proceeds from issue of shares		**-**	400,000
Payment of share issue costs		**-**	(49,000)
Net cash from financing activities		**-**	351,000
Net increase / (decrease) in cash and cash equivalents		**(216,963)**	67,154
Cash and cash equivalents at the beginning of the year		**422,008**	354,854
Cash and cash equivalents at the end of the year	8	**205,045**	422,008

The Statement of Cash Flows should be
read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Axxis Technology Group Ltd (referred to as "Axxis" or the "Company") is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The financial statements are presented in Australian dollars, which is Axxis Technology Group Ltd's functional and presentation currency.

(b) Basis of Preparation

Statement of compliance
The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). Axxis Technology Group Ltd is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 28 August 2018.

Basis of measurement
The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Going Concern

As at 30 June 2018, the Company had cash and cash equivalents of $205,045 (2017: $422,008) and has a net current asset position of $188,484 (2017: $407,196). The loss for the year was $218,712 (2017: loss of $263,548).

The Company's operating costs primarily consist of administration costs and advisory costs in support of the Company's objective to acquire suitable business assets that would add significant value to the Company's shareholders.

Considering matters outlined above, the Directors of the Company are of the view the entity will continue as a going concern as there is sufficient cash available to the entity to cover minimal operating expenses associated with maintaining the current level of activity for at least 12 months from approval of these financial statements as the Directors have agreed to suspend the payment of Director fees in order to preserve cashflow, if required.

New, revised or amended standards and interpretations adopted by the Company
The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

New standards and interpretations not yet mandatory or early adopted
The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2018. The Company intends to adopt these standards and interpretations, if applicable, when they become effective.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(b) Basis of Preparation (cont.)

Reference and Title	Summary	Application Date of Standard	Impact on Axxis Technology Group Ltd Financial Statements
AASB 9 – Financial Instruments	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a simple, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effect for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application.	Annual reporting periods commencing on or after 1 January 2018.	When this standard is first adopted from 1 July 2018, there will be no impact on transactions and balances recognised in the financial statements.
AASB 15 – Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchanged for those goods or services. This means that revenue will be recognised when control of foods or services is transferred, rather than on transfer of risks and rewards as is current the case under IAS 18 *Revenue.*	Annual reporting periods commencing on or after 1 January 2018.	When this standard is first adopted from 1 July 2018, this standard will not significantly impact transactions and balances recognised in the financial statements.
AASB 16 (issued February 2016) Leases	AASB 16 eliminates the operating and finance lease classifications for lessees current accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An tntity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods commencing on or after 1 January 2019.	When this standard is first adopted from 1 July 2019, there will be minimal impact on transactions and balances recognised in the financial statements.

Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity'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 2.

(c) Comparatives

Comparative balances for the Company are for the financial year 1 July 2016 to 30 June 2017.

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

(e) Revenue Recognition

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

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Cash and Cash Equivalents

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

(h) Trade and Other Receivables

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

(i) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(j) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Company. Trade payables are usually settled within 30 days of recognition.

(k) Contributed equity

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(l) Earnings Per Share

Basic earnings per share
Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(m) Goods and Services Tax (“GST”)

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

Receivables and payables area stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

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

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(n) 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 entity'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 entity'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.

(o) Dividends

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

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS 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. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future balances.

NOTE 3 SEGMENT INFORMATION

Identification of reportable operating segments
The information reported to the Board of Directors (being the Chief Operating Decision Makers (“CODM”)), are the results as shown in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position.

The Directors have determined that there are no operating segments identified for the year which are considered separately reportable.

NOTE 4 REVENUE

	2018	2017
	$	$
Other revenue		
Interest received	**21,643**	348

Notes to the Financial Statements

NOTE 5 OTHER EXPENSES	**2018**	2017
	$	$
Accounting and audit fees	**87,932**	62,553
Legal fees	**-**	25,000
General expenses	**27**	13,566
	87,959	101,119

NOTE 6 INCOME TAX	**2018**	2017
	$	$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the of profit or loss and other comprehensive income	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	**(218,712)**	(263,548)
Prima facie tax benefit on loss before income tax at 27.5% (2017: 27.5%)	**(60,146)**	(72,476)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:	**-**	-
	(60,146)	(72,476)
Current year tax losses not recognised	**60,146**	72,476
Income tax expense	**-**	-

NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2018	2017
	$	$
Net loss attributable to ordinary equity holders of the Company	**(218,712)**	(263,548)
Weighted average number of ordinary shares for basic and diluted loss per share	**38,937,402**	26,919,137
Continuing operations		
- Basic and diluted loss per share (cents)	**(0.562)**	(0.979)

Notes to the Financial Statements

NOTE 8 CASH AND CASH EQUIVALENTS	2018 $	2017 $
Cash at bank and in hand	**205,045**	422,008

Cash at bank earns interest at floating rates based on daily deposit rates.

The Company's exposure to interest rate and credit risks is disclosed in Note 12.

(a) Reconciliation of net loss after tax to net cash flows from operations

	2018 $	2017 $
Loss for the financial year	**(218,712)**	(263,548)
Changes in assets and liabilities		
(Increase) / decrease in trade and other receivables	**(5,403)**	14,549
Increase / (decrease) in trade and other payables	**7,152**	(34,847)
Net cash used in operating activities	**(216,963)**	(283,846)

NOTE 9 TRADE AND OTHER RECEIVABLES	2018 $	2017 $
Goods and services tax ("GST") receivable	**7,672**	1,196
Other receivables	**-**	1,073
	7,672	2,269

(a) Allowance for impairment loss

Receivables past due but not considered impaired are nil (2017: Nil). Other receivables are non-interesting bearing and are generally on terms of 30 days.

NOTE 10 TRADE AND OTHER PAYABLES	2018 $	2017 $
Accrued expenses	**12,500**	17,081
Other Payables	**11,733**	-
	24,233	17,081

NOTE 11 CONTRIBUTED EQUITY

(a) Issued and fully paid	2018 No.	2018 $	2017 No.	2017 $
Ordinary shares	**38,937,402**	**51,548,154**	38,937,402	51,548,154

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

Notes to the Financial Statements

NOTE 11 CONTRIBUTED EQUITY (CONT.)

(b) Movement reconciliation	**Number**	**$**
At 1 July 2017	38,937,402	51,548,154
At 30 June 2018	**38,937,402**	**51,548,154**

There is no movement of contributed equity during the financial year.

NOTE 12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unprofitability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods included sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ('the Board') and includes identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits.

The carrying values of the Company's financial instruments are as follows:

	2018 **$**	2017 $
Financial Assets		
Cash and cash equivalents	**205,045**	422,008
Trade and other receivables	**7,672**	2,269
	212,717	424,277
Financial Liabilities		
Trade and other payables	**24,233**	17,081
	24,233	17,081

(a) Market risk

(i) Foreign exchange risk

The Company is not significantly exposed to foreign currency risk fluctuations.

(ii) Interest rate risk

The Company is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Company's exposure to this risk relates primarily to the Company's cash and any cash on deposit. The Company does not use derivatives to mitigate these exposures. The Company manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities.

Notes to the Financial Statements

NOTE 12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2018		2017	
	Weighted average interest rate (i)	**Balance $**	Weighted average interest rate	Balance $
Cash and cash equivalents	**0.59%**	**205,045**	0.57%	422,008

(i) This interest rate represents the average interest rate for the period on cash balances.

Sensitivity
Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 0.5% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

At 30 June 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

	Post-tax profit higher/(lower)	
Judgements of reasonably possible movements:	**2018 $**	2017 $
+ 1.0% (100 basis points)	**2,050**	4,220
- 0.5% (100 basis points)	**(1,025)**	(2,110)

(b) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Company's policy is to trade only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company except for cash and cash equivalents.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Company does not have any external borrowings.
The following are the contractual maturities of financial liabilities:

	6 months	**6-12 months**	**1-5 years**	**> 5 years**	**Total**
2018	**$**	**$**	**$**	**$**	**$**
Trade and other payables	**24,233**	**-**	**-**	**-**	**24,233**
2017					
Trade and other payables	17,081	-	-	-	17,081

Notes to the Financial Statements

NOTE 12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

(d) Capital risk management

The Company's objectives when managing capital are to:
- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

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

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 13 RELATED PARTY DISCLOSURE

(a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	2018	2017
	$	$
Short-term benefits	**72,000**	88,268
	72,000	88,268

Information regarding individual Directors compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

(b) Related Party Transactions

	2018	2017
	$	$
The following payments occurred with related parties:		
Director Fees paid to CPS Capital Group Pty Ltd (i)	**24,000**	-
Director Fees paid to Bushwood Nominees Pty Ltd (ii)	**24,000**	-
Director Fees paid to Stedwell Corporate Pty Ltd (iii)	**24,000**	-
Financial management fees paid to Mirador Corporate Pty Ltd (ii)	**67,625**	15,500
Legal fees paid to Law Corporation Pty Ltd (iv)	**-**	25,000
Office rent paid to Kazacos Industries Pty Ltd (iv)	**-**	5,000
Administration services paid to K Power Pty Ltd (iv)	**-**	12,500
Consulting fees paid to C-CAL Consulting (v)	**-**	20,900

(vi) An entity in which Eddie King was a Director during the period.
(vii) An entity in which Jeremy King is a Director.
(viii) An entity in which Justyn Stedwell is a Director.
(ix) An entity in which Peter Kazacos is a Director.
(x) An entity in which Chris Calamos is the Principal.

Information regarding individual Directors compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

Notes to the Financial Statements

NOTE 14 COMMITMENTS

There are no commitments as at 30 June 2018 (2017: nil).

NOTE 15 CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2018 (2017: nil).

NOTE 16 AUDITOR'S REMUNERATION

	2018 $	2017 $
Amounts received or due and receivable by Crowe Horwath for:		
Audit and review of the annual and half-year financial report	**16,500**	16,000

NOTE 17 EVENTS AFTER THE REPORTING DATE

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

Directors' Declaration

In the Directors' opinion:

a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
   i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the entity's financial position as at 30 June 2018 and of its performance for the year ended on that date.

b) The financial statements and notes comply with International Financial Reporting Standards.

c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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:

Jeremy King
Non-Executive Director
28 August 2018

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Independent Auditor's Report to the Members of Axxis Technology Group Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Axxis Technology Group Ltd (the Company), which comprises the statement of financial position as at 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 year 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 the Company is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Material Uncertainty Related to Going Concern
Without modifying our conclusion we draw attention to Note 1(b) under the heading 'Going concern' in the financial report. The financial report has been prepared on the going concern basis as the directors believe that the Company will be able to pay its debts as and when they fall due. Should the matters referred to in Note 1(b) not eventuate, the going concern basis may not be appropriate.

Other Information
The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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 inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, IFRS 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 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:

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- 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.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Axxis Technology Group Ltd, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

J Haydon

JOHN HAYDON
Senior Partner

Dated at Sydney this 28 August 2018

Corporate Governance Statement

The Company's Directors are committed to conducting the Company's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) (Recommendations) to the extent appropriate to the size and nature of the Company's operations.

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

The Company's Corporate Governance Statement and policies can be found on its website:
www.axxis.com/corporate-governance

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 22 August 2018.

TWENTY LARGEST SHAREHOLDERS

		Number Held	Percentage (%)
1	MGL CORP PTY LTD	1,766,667	4.54
2	MR BIN LIU	1,729,529	4.44
3	QUID CAPITAL PTY LTD	1,576,828	4.05
4	MR VICKO VICTOR BLAGAICH	1,263,941	3.25
5	ASENNA WEALTH SOLUTIONS PTY LTD	1,166,668	3.00
6	V7 INVESTMENT & DEVELOPMENT <THE ZHOU FAMILY A/C>	1,166,667	3.00
7	AZALEA FAMILY HOLDINGS PTY LTD <NO 2 A/C>	1,115,242	2.86
8	OAKWELL HOLDINGS PTY LTD <STOINIS PROPERTY A/C>	966,543	2.48
9	UBS NOMINEES PTY LTD	955,645	2.45
10	BRIGHT BELL PTY LTD <BEACON OPPORTUNITIES A/C>	929,369	2.39
11	FIRST ONE REALTY PTY LTD	929,369	2.39
12	MR PETER FRANCIS SCANLAN	929,369	2.39
13	STEVSAND HOLDINGS PTY LTD <FORMICA HORTICULTURAL A/C>	929,369	2.39
14	XCEL CAPITAL PTY LTD	890,266	2.29
15	THREEBEE INVESTMENTS GROUP PTY LTD	833,333	2.14
16	MRS VANESSA RUBEN	800,000	2.05
17	CORFE ASSOCIATES PTY LTD <CORFE ASSOCS SUPER FUND A/C>	785,000	2.02
18	CLAIRAULT INVESTMENTS PTY LIMITED	743,495	1.91
19	MR STEVEN DE ROSA	743,495	1.91
20	FLOURISH SUPER PTY LTD <FLOURISH S/F A/C>	743,495	1.91
		20,964,290	**53.84**

DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 38,937,646 fully paid shares held by 1,253 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, is:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	744	169,519	0.44
1,001 - 5,000	236	587,650	1.51
5,001 - 10,000	92	732,959	1.88
10,001 - 100,000	125	4,276,311	10.98
100,001 Over	56	33,171,207	85.19
Total	**1,253**	**38,937,646**	**100.00**

ASX Additional Information

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Holding Balance	% of Issued Capital
N/A – No Substantial Shareholders.		

ON-MARKET BUY-BACK

There is no current on-market buy-back.

ACQUISITION OF VOTING SHARES

No issues of securities have been approved for the purposes of Item 7 of Section 611 of the Corporations Act 2001.

TAX STATUS

The Company is treated as a public company for taxation purposes.

FRANKING CREDITS

The Company has no franking credits.