ONEMARKET SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEARS ENDED
31 DECEMBER 2017, 2016 AND 2015

ONEMARKET

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2017, 2016, AND 2015

	Note	2017 $000	2016 $000	2015 $000
Revenue		2,159	-	-
Total Income		2,159	-	-
Employee benefits expense		(45,916)	(19,680)	(2,125)
Deferred employee costs		(3,613)	(1,220)	(124)
Administration and other expenses		(16,098)	(10,897)	(424)
Corporate expenses		(9,763)	(7,604)	(1,548)
Depreciation of property, plant and equipment	10	(502)	(623)	(592)
		(73,733)	(40,024)	(4,813)
Impairment of assets	7	(56,987)	-	-
Fair value adjustment of investments		(1,256)	(3,333)	(1,768)
Capital transaction costs		(1,382)	-	-
Financing costs		-	-	-
Loss before tax for the year		(133,358)	(43,357)	(6,581)
Income tax expense		-	-	-
Loss after tax for the year		(133,358)	(43,357)	(6,581)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		(133,358)	(43,357)	(6,581)

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

OneMarket commenced operations on 1 January 2015.

ONEMARKET

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017, 2016, AND 2015

	Note	2017 $000	2016 $000	2015 $000
ASSETS				
Current assets				
Cash and short term deposits	12(a)	197,000	-	-
Trade and other receivables		-	-	-
		197,000	-	-
Non-current assets				
Property, plant and equipment	10	2,228	530	921
Intangible assets	7	-	-	-
Unlisted investments	11	344	1,600	3,333
		2,572	2,130	4,254
TOTAL ASSETS		199,572	2,130	4,254
LIABILITIES				
Current liabilities				
Trade and other payables		-	-	-
Employee benefits		6,619	1,420	1,179
Contingent and deferred consideration		1,210	-	-
Total current liabilities		7,829	1,420	1,179
Non-current liabilities				
Contingent and deferred consideration		4,169	-	-
		4,169	-	-
TOTAL LIABILITIES		11,998	1,420	1,179
NET ASSETS		187,574	710	3,075
INVESTED CAPITAL		187,574	710	3,075

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

OneMarket commenced operations on 1 January 2015.

ONEMARKET

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2017, 2016 AND 2015

	Note	2017 $000	2016 $000	2015 $000
OPERATING ACTIVITIES				
Receipts from customers		2,159	-	-
Payments to suppliers		(25,861)	(18,501)	(1,972)
Payments to employees		(43,954)	(19,680)	(2,125)
Cash settlement of deferred employee costs		(278)	(1,042)	(64)
Net cash used in operating activities	12(b)	**(67,934)**	**(39,223)**	**(4,161)**
INVESTING ACTIVITIES				
Acquisition of businesses, net of cash acquired		(54,485)	-	-
Acquisition of unlisted investments		-	(1,600)	(5,101)
Acquisition of property, plant and equipment		(2,200)	(232)	(180)
Net cash used in investing activities		**(56,685)**	**(1,832)**	**(5,281)**
FINANCING ACTIVITIES				
Proceeds from invested capital from parent		321,619	41,055	9,442
Net cash from financing activities		**321,619**	**41,055**	**9,442**
Net increase in cash and cash equivalents		197,000	-	-
Cash and cash equivalents at 1 January		-	-	-
Cash and cash equivalents at 31 December	12(a)	197,000	-	-

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

OneMarket commenced operations on 1 January 2015.

ONEMARKET

STATEMENT OF CHANGES IN INVESTED CAPITAL
FOR THE YEAR ENDED 31 DECEMBER 2017, 2016 AND 2015

	Note	2017 $000	2016 $000	2015 $000
Opening balance		710	3,075	-
Loss after tax		(133,358)	(43,357)	(6,581)
Invested capital		320,222	40,992	9,656
Closing balance		**187,574**	**710**	**3,075**

The statement of changes in invested capital should be read in conjunction with the accompanying notes.

OneMarket commenced operations on 1 January 2015.

1. General information

Westfield Corporation Limited ("Westfield") is proposing to demerge that part of Westfield's retail technology business utilised by OneMarket Limited and its subsidiaries to develop its retail technology network and product solutions ("OneMarket") for listing on the Australian Securities Exchange.

OneMarket commenced operations in 2015, hence there are no 2014 comparatives disclosed.

The financial information presented has been derived from the books and records of Westfield's subsidiaries in order to present the historical assets, liabilities, income and expenses of OneMarket from commencement of operations in 2015.

These special purpose financial statements have been prepared in accordance with the basis of preparation set out below.

2. Basis of Preparation

OneMarket is not a reporting entity and historically has not been required to prepare standalone consolidated financial statements. As a result, these special purpose financial statements have been prepared for the purpose of presenting the combined financial position, performance and cash flows of Westfield's retail technology operations, OneMarket, for its proposed demerger from Westfield.

The special purpose financial statements therefore incorporate financial information previously included in the financial statements of Westfield.

These financial statements have been prepared in accordance with the recognition and measurement principles of Australian Accounting standards including Australian Accounting Interpretations (which are consistent with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board ("IASB")) relevant for income statements, statements of financial position and statements of cash flows with the exception of AASB 10 *Consolidated Financial Statements*.

These special purpose financial statements have been prepared on a historical cost basis except for contingent consideration and unlisted investments which are presented at fair value. These special purpose financial statements have been prepared in United States dollars, which is the reporting currency of Westfield. All financial information has been rounded to the nearest thousand unless otherwise stated.

As OneMarket is not a legal entity, or group of entities, it is not possible to show share capital or an analysis of reserves. As such, Westfield's interest in the net assets of OneMarket has been presented as "Invested Capital".

The principal accounting policies of OneMarket which have been applied to these special purpose financial statements are described in detail in Note 3. These policies have been applied consistently for all periods presented.

Acquired entities, considered part of OneMarket, have been included in these special purpose financial statements from the date control was obtained by Westfield and as if the acquisition had been performed by OneMarket as a standalone business, funded by invested capital from Westfield.

OneMarket is an early stage technology operation, with revenues unable to be forecast with sufficient reliability to support the carrying value of acquired goodwill. As a consequence, acquired goodwill has been impaired in full at 31 December 2017.

2. Basis of Preparation (continued)

Expenses incurred by Westfield's retail technology business and attributable to OneMarket, have been determined as follows:

1. Direct workforce costs have been allocated to OneMarket based upon the time incurred on the development of OneMarket technology as recorded in periodic timesheets;
2. Other direct costs which relate specifically to OneMarket activities based on actual cost incurred;
3. Management costs, have been allocated to OneMarket based upon quarterly estimates of their time spent on OneMarket activities;
4. Indirect costs, such as travel, facility and marketing costs, have been allocated based upon the proportion of total direct workforce costs (1. above) and management costs (3. above) incurred on OneMarket activities, relative to the total expenses incurred by Westfield's retail technology business from which OneMarket has been derived;
5. Overheads incurred for central accounting, human resources, information technology, treasury, tax and finance services have been allocated based upon the proportion of total costs as allocated to OneMarket in items 1-4 above, relative to the total expenses incurred by Westfield's retail technology business from which OneMarket has been derived;
6. Costs of the senior corporate executives of Westfield are allocated to OneMarket based on their estimate of the time spent on OneMarket activities. The allocation is 20% for 2015, 40% for 2016 and 60% for 2017 of Westfield recharges to the retail technology business from which OneMarket has been derived.

The historical share based employee benefit liability has been included in these financial statements for employees who will become employees of OneMarket post demerger and has been calculated with reference to awards under Westfield Employee Award Schemes.

For the purpose of preparing these special purpose financial statements, no adjustments have been made to costs incurred by Westfield and allocated as outlined above to reflect the operation of OneMarket as a stand-alone business.

Working capital transactions relating to OneMarket were immediately funded by investment capital from Westfield up to, and including, 31 December 2017. As at 31 December 2017 Westfield allocated $197.0m of cash to OneMarket.

3. Summary of significant accounting policies

a) Business combinations

Business combinations have been accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at acquisition date, and the amount of any non-controlling interests in the acquiree. For each business combination, OneMarket elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in capital transaction costs.

When a business is acquired, financial assets and liabilities assumed are identified for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit and loss in accordance with AASB 139. Other contingent consideration that is not within the scope of AASB 139 is measured at fair value at each reporting date with changes in fair value recognised in profit and loss.

b) Fair value measurement

Financial instruments are measured at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by OneMarket.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

OneMarket uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, OneMarket determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to OneMarket and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

3. Summary of significant accounting policies (continued)

d) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where OneMarket operates.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

No deferred tax is recognised for a taxable temporary difference arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit and loss.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

e) Foreign currencies

OneMarket’s financial statements are presented in USD. For each operation, OneMarket determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. On aggregation of OneMarket, the assets and liabilities of foreign operations are translated into USD at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at the average exchange rate for the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3. Summary of significant accounting policies (continued)

f) Property, plant and equipment

Plant and equipment is measured at cost, net of accumulated depreciation and impairment losses.

Cost is determined as the fair value of assets given up plus incidental costs directly attributable to the acquisition.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Plant, machinery and equipment 1 to 5 years
- Furniture and fixtures 1 to 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of profit and loss when the asset is derecognised.

g) Intangible Assets

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the total consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the resulting gain is recognised in the statement of profit and loss on the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. At the acquisition date goodwill acquired is allocated to cash-generating units if that cash generating unit is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Software

Internally generated software is not capitalised due to OneMarket being in the research phase of operations. All expenditure related to the development of software is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Research and development costs

Research costs are expensed as incurred.

Development expenditures on an individual project are only recognised as an intangible asset if the following can be demonstrated:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use and is amortised over the period of expected future benefit. Amortisation is recorded in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

Where the above criteria cannot be demonstrated, development costs are expensed as incurred.

3. Summary of significant accounting policies (continued)

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Equity investments in entities where control is not present are classified as available for sale financial assets (‘AFS’) and are carried in the statement of financial position at fair value with net changes in fair value presented in other comprehensive income.

Impairment of financial assets

OneMarket assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred ‘loss event’), has an impact on the estimated future cash flows of the financial asset or OneMarket of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

OneMarket’s exposure to market risk is limited to price risk in relation to the valuation of unlisted investments. The maximum exposure to credit risk is the amounts as presented in the Statement of Financial Position.

i) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Intangible assets (Note 7)

OneMarket assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, OneMarket estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statement of profit and loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, OneMarket estimates the asset’s or CGU’s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

3. Summary of significant accounting policies (continued)

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

j) Provisions

General

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When OneMarket expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Deferred consideration on acquisitions

Deferred consideration relating to acquisitions is recognised at the fair value of consideration to be paid, and subsequently measured at amortised cost.

k) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

4. Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires Management to make judgements, estimates and assumptions. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Basis of preparation, Note 3h: Financial instruments and Note 7: Intangible assets.

Actual results may differ from these estimates under different assumptions and conditions and may materially affect OneMarket's financial results or the financial position in future periods.

5. Accounting standards issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted for the year ended 31 December 2015, 2016, or 2017. The impact of these new standards and interpretations is as follows:

AASB 9 *Financial Instruments* (effective from 1 January 2018)

This standard includes requirements to improve and simplify the approach for classification, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 *Financial Instruments: Recognition and Measurement*. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements.

AASB 16 *Leases* (effective from 1 January 2019)

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*.

The adoption of this standard is not expected to have a significant impact on the amounts recognised in these financial statements at the date of transition. All leases entered into after transition date will be accounted for in accordance with AASB 116.

6 BUSINESS COMBINATIONS

Acquisitions in 2017

6(a) Acquisition of 12 Digit Marketing, Inc.
On 13 February 2017, OneMarket acquired 100% of the shares of 12 Digit Marketing, Inc. ("12 Digit"), an unlisted company based in Redwood City, California in the United States.

Founded in 2015, 12 Digit provides a digital advertising marketplace with shopper purchase and product interest data from large, multi-brand retailers across the United States. Virtually the entirety of 12 Digit's business, including its relationships with brands that sell through multi-brand retailers, continues to operate as the OneMarket Shopper Exchange.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of 12 Digit as at the date of acquisition were:

	Fair value recognised on acquisition $000
Assets	
Cash and cash equivalents	253
Trade receivables	209
	462
Liabilities	
Trade payables	390
Provisions	522
	912
Total identifiable net liabilities at fair value	**(450)**
Goodwill arising on acquisition (Note 7)	43,367
Purchase consideration transferred	**42,917**

The goodwill of $43.4 million comprises the value of synergies and intellectual property associated with the workforce brought over with 12 Digit. Further details of accounting for goodwill post initial recognition are described in Notes 3 and 7.

From the date of acquisition, 12 Digit contributed $1.7 million of revenue and $12.4 million net loss before tax from continuing operations. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $2.1 million and net loss before tax from continuing operations would have been $14.3 million.

Purchase consideration	**$000**
Cash and cash equivalents	40,000
Contingent consideration	2,917
Total consideration	**42,917**

Analysis of cash flows on acquisition	
Cash paid	(40,000)
Transaction costs of the acquisition (included in cash flows from investing activities)	(540)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	253
Net cash flow on acquisition	**(40,287)**

Transaction costs of $0.5 million were expensed and are included in capital transaction costs in the Statement of Profit and Loss.

Contingent consideration
As part of the purchase agreement with the previous owner of 12 Digit, an amount of contingent consideration has been agreed.

At 31 December 2017, the fair value of the contingent consideration in respect of the 12 Digit acquisition was estimated to be $9.4 million, of which 31% or $2.9 million has been provided for as an acquisition cost. The remaining 69% is payable to employees of OneMarket and is accounted for as an employee benefit cost and expensed in the year as service is performed and progress towards performance hurdles take place.

6 BUSINESS COMBINATIONS (CONTINUED)

6(a) Acquisition of 12 Digit Marketing, Inc. (continued)

Under the terms of the 12 Digit Acquisition Agreement, the former stockholders of 12 Digit and certain former employees of 12 Digit have the right to receive contingent consideration of up to $85 million if certain financial targets are achieved. The amount of contingent consideration payable, if any, is to be calculated annually at the end of each of the calendar years 2017 to 2020 based on gross revenue (for 2017) and after tax profit (for 2018, 2019 and 2020) of the 12 Digit business, as defined and calculated for purposes of the 12 Digit Acquisition Agreement. Under no circumstances can the aggregate additional contingent consideration payable pursuant to the 12 Digit Acquisition Agreement exceed $85 million.

For the year ended 31 December 2017, the parties have agreed that the contingent consideration for the 2017 year is approximately $0.5 million.

The 12 Digit Acquisition Agreement further gives certain former stockholders the right to propose a modification to the contingent consideration calculation if they believe in good faith that any changes to the annual budget or the operation of 12 Digit by OneMarket will materially and adversely impact the ability of the former stockholders to earn the contingent consideration. Upon notice of such a belief, OneMarket and the former stockholders are required to work together in good faith to determine any required modification to the contingent payment terms. In the event the former stockholders and OneMarket cannot reach agreement on any modifications, the former stockholders have the right to submit the dispute to mediation and, if resolution is not achieved through that process, to binding arbitration, in each case conducted in accordance with Californian procedures. The 12 Digit Acquisition Agreement provides that such mediation and arbitration can occur only once per year during the term for the calculation of the contingent consideration and will be the sole and exclusive remedy for the resolution of any conflicts concerning any modification to the contingent payment terms.

In January 2018 the former 12 Digit stockholders notified OneMarket of their belief that certain changes have occurred to the operation of the 12 Digit business since the February 2017 acquisition that could materially and adversely impact the ability of the former stockholders to earn the contingent consideration. OneMarket has informed the 12 Digit stockholders that it does not believe there has been any such changes to the operation of the 12 Digit business and that it does not believe any modification to the contingent consideration terms is required. The parties held an initial meeting to discuss the issue but did not reach agreement on any modification to the contingent consideration terms. On 15 March 2018 the parties met to attempt to resolve the dispute by mediation. The mediation did not resolve the dispute and the 12 Digit stockholders have notified OneMarket that they wish to exercise their right to submit the dispute to binding arbitration. Any modification to the contingent payment terms, whether as a result of an agreement through mediation or through arbitration, could result in a modification to the manner in which the contingent consideration is calculated but cannot increase the maximum $85 million aggregate contingent consideration that might be payable under the 12 Digit Acquisition Agreement.

6(b) Acquisition of Paperless Receipts Limited

On 28 September 2017, OneMarket acquired 100% of the shares of Paperless Receipts Limited ("Yocuda"), an unlisted company based in London in the United Kingdom.

Founded in 2011, Yocuda provides digital receipts (primarily delivered to consumers via e-mail) for United Kingdom headquartered retailers, including large, multi-brand retailers. The technical and market know-how of the Yocuda team, as well as portions of Yocuda's digital receipts product design, were employed to accelerate the development and release of OneMarket's Live Receipts product.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Yocuda as at the date of acquisition were:

	Fair value recognised on acquisition $000
Assets	
Cash and cash equivalents	954
Trade receivables	316
	1,270
Liabilities	
Trade payables	11
Provisions	113
	124
Total identifiable net assets at fair value	**1,146**
Goodwill arising on acquisition (Note 7)	10,120
Purchase consideration transferred	**11,266**

6 BUSINESS COMBINATIONS (CONTINUED)

6(b) Acquisition of Paperless Receipts Limited (continued)
The goodwill of $10.1 million comprises the value of synergies and intellectual property associated with the workforce brought over with Yocuda. Further details of accounting for goodwill post initial recognition are described in Notes 3 and 7.

From the date of acquisition, Yocuda contributed $0.4 million of revenue and $0.7 million net loss before tax from continuing operations. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been $1.3 million and net loss before tax from continuing operations would have been $1.0 million.

Purchase consideration	**$000**
Cash and cash equivalents	11,266
Total consideration	**11,266**

Analysis of cash flows on acquisition	
Cash paid	(11,266)
Transaction costs of the acquisition (included in cash flows from investing activities)	(741)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	954
Net cash flow on acquisition	**(11,053)**

Transaction costs of $0.7 million were expensed and are included in capital transaction costs.

The net assets and intangibles recognised in the 31 December 2017 financial statements are based on a provisional assessment of the purchase price allocation.

Contingent consideration
The terms of the acquisition included $1.2 million of contingent consideration related to the former owners of Yocuda who are current employees of OneMarket. The contingent consideration payments are made pending continuous service of these employees and are therefore accounted for as employee benefit cost and not an acquisition cost.

6(c) Acquisition of FluidM, Inc.
On 17 March 2017, OneMarket acquired 100% of the shares of FluidM, Inc. ("FluidM"), an unlisted company based in Fremont, California in the United States.

Founded in 2015, FluidM was an early-stage, pre-revenue start-up focused on intelligent, context-aware voice assistants available across different communication interfaces. The technical know-how of the FluidM team, including its research into voice recognition, natural language processing and chatbot technologies, continues to be used in the development of OneMarket's voice-enabled shopping assistant enabling technology, which is a component of the Live Receipts product vision. In addition, the three co-founders of FluidM have assumed senior leadership roles within OneMarket.

Assets acquired and liabilities assumed
The fair values of the identifiable assets and liabilities of FluidM as at the date of acquisition were:

Assets	**Fair value recognised on acquisition $000**
Intangibles	-
	-
Total identifiable net assets at fair value	**-**
Goodwill arising on acquisition (Note 7)	3,500
Purchase consideration transferred	**3,500**

The goodwill of $3.5 million comprises the value of synergies and intellectual property associated with the workforce brought over with FluidM. Further details of accounting for goodwill post initial recognition are described in Notes 3 and 7.

6 BUSINESS COMBINATIONS (CONTINUED)

6(c) Acquisition of FluidM, Inc. (continued)

Purchase consideration	**$000**
Cash and cash equivalents	2,500
Contingent consideration	1,000
Total consideration	**3,500**

Analysis of cash flows on acquisition	
Cash paid (including payments of contingent consideration made post acquisition and before balance sheet date)	(3,000)
Transaction costs of the acquisition (included in cash flows from investing activities)	(101)
Net cash flow on acquisition	**(3,101)**

Transaction costs of $0.1 million were expensed and are included in capital transaction costs.

Contingent consideration
As part of the purchase agreement with the previous owner of FluidM, an amount of contingent consideration has been agreed.

Contingent consideration payments are made pending the successful completion of certain operational milestones related to the acquired software's further development. The first milestone payment of $0.5 million was made in September, 2017. The second and final milestone payment is due in January, 2019. OneMarket expects that the performance milestones will be achieved and that the payment will therefore be made at that time.

As at the acquisition date, the fair value of the contingent consideration was estimated to be $1.0 million.

7 INTANGIBLE ASSETS

	Goodwill $000
Cost	
At 31 December 2016	-
Acquisition of a subsidiary	56,987
At 31 December 2017	**56,987**
Amortisation and impairment	
At 31 December 2016	-
Amortisation for the year	-
Impairment charge for the year	(56,987)
At 31 December 2017	**(56,987)**
Net book value as at 31 December 2016	**-**
Net book value as at 31 December 2017	**-**

Goodwill is recorded at original acquisition cost. At each reporting period, the recoverability of goodwill is assessed using an internal valuation of the OneMarket business. This valuation is based on a discounted cash flow and includes assumptions on forecast revenue and expenses of the business. Forecast revenues include contracts signed and forecast future revenue. Forecast expenses include known fixed costs and a forecast for expected costs to service the business and achieve the revenue targets.

Management performed an impairment test at 31 December 2017 to assess whether goodwill is impaired.

OneMarket is in the early phase of its life cycle developing a comprehensive suite of services. At 31 December 2017, OneMarket is in discussions with brands, retailer and shopping venues to enter into contracts in relation to OneMarket’s proposed service offerings. Management have determined that as these discussions are at an early stage, they are unable to produce cash flow forecasts for OneMarket with sufficient reliability to support the acquired goodwill, and as such, goodwill has been fully impaired at 31 December 2017.

8 EMPLOYEE BENEFITS EXPENSES

Total remuneration paid to Key Management Personnel was $7.2 million for 2017 (2016: $3.9 million, 2015: $0.2 million).

9 INCOME TAX

The major components of income tax expense for the years ended 31 December 2017, 2016 and 2015 are:

	2017 $000	2016 $000	2015 $000
Current income tax:			
Current income tax expense	-	-	-
Deferred tax:			
Deferred tax expense	-	-	-
Income tax expense reported in the statement of profit or loss	-	-	-

Reconciliation of tax expense and the accounting profit multiplied by the United States of America's domestic tax rate for 2017, 2016 and 2015:

Profit or loss	2017 $000	2016 $000	2015 $000
Accounting loss before tax from continuing operations	(133,358)	(43,357)	(6,581)
Accounting loss before income tax	**(133,358)**	**(43,357)**	**(6,581)**
Prima facie tax benefit at the United States of America federal tax rate of 35% (2016: 35%, 2015: 35%)	(46,675)	(15,175)	(2,303)
Tax benefit not recognised (i)	46,675	15,175	2,303
	-	-	-

(i) There are no carry forward tax losses attributable to OneMarket.

10 PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fittings $000	Plant and Machinery $000	Total $000
Cost			
At 1 January 2015	-	-	-
Additions	621	892	1,513
At 31 December 2015	**621**	**892**	**1,513**
Additions	45	187	232
At 31 December 2016	**666**	**1,079**	**1,745**
Additions	1,336	864	2,200
At 31 December 2017	**2,002**	**1,943**	**3,945**
Depreciation and impairment			
At 1 January 2015	-	-	-
Depreciation charge for the year	(231)	(361)	(592)
At 31 December 2015	**(231)**	**(361)**	**(592)**
Depreciation charge for the year	(236)	(387)	(623)
At 31 December 2016	**(467)**	**(748)**	**(1,215)**
Depreciation charge for the year	(156)	(346)	(502)
At 31 December 2017	**(623)**	**(1,094)**	**(1,717)**
Net book value as at 31 December 2015	**390**	**531**	**921**
Net book value as at 31 December 2016	**199**	**331**	**530**
Net book value as at 31 December 2017	**1,379**	**849**	**2,228**

11 UNLISTED INVESTMENTS

	2017 $000	2016 $000	2015 $000
Unlisted investments	344	1,600	3,333
Total unlisted investments	344	1,600	3,333

Unlisted investments comprise equity and debt investments in unlisted entities which are measured at fair value based on the latest financial information of the investee.

12 CASH AND SHORT TERM DEPOSITS

	2017 $000	2016 $000	2015 $000
(a) Components of cash and cash equivalents			
Cash at bank and on hand	197,000	-	-
Total cash and cash equivalents	197,000	-	-

	2017 $000	2016 $000	2,015 $000
(b) Reconciliation of profit after tax to net cash flows from operating activities			
Loss after tax	(133,358)	(43,357)	(6,581)
Depreciation of property, plant and equipment	502	623	592
Deferred employee costs	3,613	1,220	124
Fair value adjustment of investments	1,256	3,333	1,768
Impairment of assets	56,987	-	-
Capital transaction costs	1,382	-	-
Cash settlement of deferred employee costs	(278)	(1,042)	(64)
Other non cash expenses	1,962	-	-
Cash flows from operating activities	(67,934)	(39,223)	(4,161)

13 COMMITMENTS

OneMarket has entered into operating leases for office space and data centres, with lease terms between 1 and 3 years. OneMarket has the option, under some of its leases, to lease the assets for additional terms of 1 to 5 years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

	2017 $000	2016 $000	2015 $000
Within one year	2,156	-	-
After one year but not more than five years	2,336	-	-
More than five years	-	-	-
	4,492	-	-

14 SEGMENT REPORT

OneMarket operates in one business segment, being the development of a retail technology network.

15 RELATED PARTY DISCLOSURES

Members of OneMarket's senior management team have owned stock in some of the companies acquired by OneMarket and currently own stock in a company that OneMarket does business with. When 12 Digit was acquired by OneMarket, Don Kingsborough, OneMarket's Chief Executive Officer, owned stock in the company (representing less than 2% of the total issued stock of 12 Digit) and previously served in an advisory capacity to that company. Mr. Kingsborough received the purchase price consideration for his shares at the time of the acquisition and, along with the other former shareholders of 12 Digit, is entitled to receive additional contingent consideration if certain performance criteria are achieved by 12 Digit pursuant to the 12 Digit Acquisition Agreement. Mr Kingsborough is also an investor in Shoptalk, a retail conference company that OneMarket sponsors. Mr Kingsborough's investment in Shoptalk represents approximately 5-7% of the total issued stock.

Mike Blandina, OneMarket's Executive Vice President of Product Engineering and CTO is also an investor in Shoptalk and had a small investment in FluidM at the time it was acquired by OneMarket.

16 EVENTS AFTER THE REPORTING DATE

Since 31 December 2017, there have been no subsequent events to report.

ONEMARKET

DIRECTORS DECLARATION

In accordance with a resolution of the Directors of Westfield Corporation Limited, I state that;

In the opinion of the Directors;

(a) OneMarket is not a reporting entity as defined in the Australian Accounting Standards;

(b) the financials statements and notes of OneMarket for the years ended 31 December 2015, 2016 and 2017 are prepared in accordance with the basis of preparation as described in Note 2, and the accounting policies described in Note 3 to the financial statements; and

(c) there are reasonable grounds to believe that OneMarket will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors.

Sir Frank Lowy AC
Sydney
10 April 2018

200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Directors of Westfield Corporation Limited

Opinion

We have audited the accompanying financial statements, being special purpose financial statements, of the part of Westfield Corporation Limited retail technology business utilised by OneMarket Limited and its subsidiaries to develop its retail technology network & product solutions (“OneMarket”), which comprises the statements of financial position as at 31 December 2015, 2016 and 2017, the statements of profit and loss and comprehensive income, the statements of changes in invested capital and the statements of cash flows for the years ended 31 December 2015, 2016 and 2017, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying special purpose financial statements is prepared, in all material respects, in accordance with the recognition and measurement principles of Australian Accounting Standards including Australian Accounting Interpretations, which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board, relevant for the statements of profit and loss and comprehensive income, statements of financial position and statements of cashflows with the exception of AASB 10 *Consolidated Financial Statements*.

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 Statements* section of our report. We are independent of Westfield Corporation Limited (“Westfield”) in accordance with 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 statements 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements which describes the basis of accounting. These special purpose financial statements are prepared for the purpose of presenting the combined financial position, performance and cash flows of OneMarket, for its proposed demerger from Westfield. As a result the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of Westfield. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Statements

The directors of Westfield are responsible for the preparation of the financial statements in accordance with the basis of preparation described in note 2 to the financial statements and for such internal controls as the directors determine is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors of Westfield are responsible for assessing OneMarket's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate OneMarket or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 OneMarket internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of Westfield.

- 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 OneMarket'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 statements 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 OneMarket to cease to continue as a going concern.

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

Ernst & Young

Ernst & Young

Glenn Maris
Partner
Sydney, 10 April 2018