ApplyDirect Limited
Financial Statements
as at 31 December 2015

ABN 29 123 129 162

APPLYDIRECT LTD
ABN 29 123 129 162

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2015

	2015
	$
Revenue and other income	
Revenue	305,821
Total revenue and other income	305,821
Expenses	
Employee benefits expense	341,749
Share based payment – ESOP	52,967
Rent	41,865
Depreciation	2,979
Advertising	406,480
Software/Information technology	292,432
Consulting	108,459
Accountancy	285,628
Travel	37,187
Finance costs	11,747
Legal expenses	205,892
Other expenses	56,832
Total expenses	1,844,217
Loss before income tax	1,538,396
Income tax benefit	-
Total comprehensive loss for the period	1,538,396

APPLYDIRECT LTD
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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 Dec 2015 $	30 June 2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		342,448	78,236
Receivables		87,194	440,287
TOTAL CURRENT ASSETS		429,642	518,523
NON-CURRENT ASSETS			
Receivables		16,500	16,500
Plant & Equipment		11,994	11,927
TOTAL NON-CURRENT ASSETS		28,494	28,427
TOTAL ASSETS		458,136	546,950
LIABILITIES			
CURRENT LIABILITIES			
Payables		436,920	278,023
Unearned revenue		125,794	155,649
Employee provisions		37,700	30,650
Interest-bearing liabilities		-	250,000
TOTAL CURRENT LIABILITIES		600,414	714,322
TOTAL NON-CURRENT LIABILITIES			
Employee provisions		35,198	24,675
TOTAL NON-CURRENT LIABILITIES		35,198	24,675
TOTAL LIABILITIES		635,612	738,997
NET ASSETS		(177,476)	(192,047)
EQUITY			
Issued capital	2	7,085,165	5,607,415
Reserves	2	1,386,837	1,311,620
Accumulated losses		(8,649,478)	(7,111,082)
TOTAL EQUITY		(177,476)	(192,047)

APPLYDIRECT LTD
ABN 29 123 129 162

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2015

	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance as at 1 July 2015	5,607,415	(7,111,082)	1,311,620	(192,047)
Transactions with owners recorded directly in equity:				
Share based payments – equity raising costs	(72,250)	-	22,250	(50,000)
Share based payments – ESOP	-	-	52,967	52,967
Shares issued	1,550,000	-	-	1,550,000
Total comprehensive loss for the period	-	(1,538,396)	-	(1,538,396)
Balance as at 31 December 2015	7,085,165	(8,649,478)	1,386,837	(177,476)

APPLYDIRECT LTD
ABN 29 123 129 162

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of all significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the entity ApplyDirect Ltd (the "Company").

(a) Basis of Preparation

(i) Special purpose financial report
In the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared for the sole purpose of meeting the requirements of the directors and must not be used for any other purpose. Accordingly there are no comparative numbers in the statement of profit or loss and other comprehensive income.

The financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

ApplyDirect Ltd is a for-profit entity for the purpose of preparing the financial statements.

(ii) Historical cost convention
The financial statements have been prepared on a historical cost basis.

(iii) New and amended standards adopted by the Company
The Company has applied all mandatory standards that are applicable as at reporting date. The accounting policies set out below have been applied consistently to all periods presented in this financial report.

(iv) New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods ending 31 December 2015 and have not been early adopted by the Company. The Company has assessed these standards will not have a material effect on the Company. There are no other standards that are not yet effective and that are expected to have a material impact.

(v) Going Concern

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

During the period 1 July 2015 to 31 December 2015 the Company made a loss of $1,538,396. At 31 December 2015 the Company had negative net assets of $177,476 and an excess of current liabilities over current assets of $170,772.

In February 2016 the Company secured an additional $1,350,000 via the issue of a convertible note. Based on this convertible note issue and the forecast operating cash outflows of the Company (which includes a cost reduction focus pending the raising of any additional capital) the Company will have sufficient funds to pay its debts as and when they fall due until around early July 2016 without additional capital raising.

Notwithstanding the circumstances above the directors are confident that the Company will be able to continue as a going concern given they believe they will be able to raise additional funds in future periods as required, based on the demonstrated ability to raise funds in the past. This ability has been demonstrated as follows:

- The raising of $1,089,094 of capital in the financial year ending 30 June 2014
- The raising of $904,000 of capital in the financial year ending 30 June 2015
- The raising of $1,550,000 of capital in September 2015
- The raising of $1,350,000 via a convertible note in February 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Preparation (CONTINUED)

(v) Going Concern (CONTINUED)

Should the Company be unable to raise further funds there would be a significant uncertainty regarding the ability of the Company to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities other than in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency"). The financial statements are presented in Australian dollars, which is ApplyDirect Ltd's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in profit or loss.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and allowances. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The specific accounting policies for the Company's primary sources of revenue are detailed below:

(i) Revenue from services – Subscription revenue, Website Use
Timing of recognition
Revenue from subscription services is recognised on a straight line basis over the accounting period in which the services are rendered. When amounts have been receipted but services not delivered at balance date the amount is recognised in unearned income.

Measurement of revenue
Subscription revenue is measured based on the underlying subscription agreement.

(ii) Revenue from services – Other
Timing of recognition
Revenue from other services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

Measurement of revenue
Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Government grants

The research and development ("R&D") tax offset ("R&D tax offset"), also known as the R&D Tax Incentive, replaced the R&D Tax Concession for research and development expenditure incurred in income years commencing on or after 1 July 2011. It provides for a 45% refundable tax offset for eligible R&D entities with an aggregated turnover of less than $20 million per annum that are not controlled by exempt entities ("refundable R&D credit"), or a non-refundable 40% tax offset for all other eligible companies.

For financial reporting purposes, the R&D tax offset can be analogised as a government grant or an income tax item. General practice is that refundable R&D credits are accounted for as government grants.

The directors have considered AASB 112 *Income Taxes* ("AASB 112") and AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* ("AASB 120"). Given the above the directors have determined to recognise the R&D amount in accordance with AASB 120.

R&D grant income is recognised when the work required to receive the grant has been completed.

(e) 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.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

(f) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(g) Impairment of assets

Other assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Cash and cash equivalents

For the purpose of presentation, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(j) Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Plant and equipment is depreciated utilising the diminishing cost method at a rate of 10% to 67%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Company policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(k) Intangible assets

(i) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset.

The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use over the period of expected benefit from the related project.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the peirod which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

(n) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee Benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations
Liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in the provision for employee benefits. They are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments
Share-based compensation benefits are provided to employees via the ApplyDirect Ltd Employee Share Option Plan ("ESOP") in addition to this other share based payments are undertaken for certain goods and services provided to the Company. Information in relation to share based payments is provided in Note 3.

The fair value of options granted under the ESOP is recognised as an employee benefits expense with a corresponding increase in equity (other share based payments are recognised in the statement of profit or loss and other comprehensive income or directly in equity depending upon the goods or services received). The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(p) 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.

(q) Goods and Services Tax (GST)

Revenues, 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 are 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 with other receivables or payables in the statement of financial position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

(i) Significant estimates and judgements
The areas involving significant estimates or judgements are as follows:

Deferred tax assets
The Company has not recognised deferred tax assets relating to carried forward tax losses of $1,274,738 as at 30 June 2015 or timing differences. These amounts have not been recognised given the recognition requirements of AASB 112 and the fact the Company has not previously generated taxable income.

Intangible assets
Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a project has reached a defined milestone according to an established project management model.

Share based payments
The determination of the fair value of options granted requires the utilisation of numerous variables. The fair value at grant date was independently determined using a binomial or Black-Scholes option pricing model.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

		31 Dec 2015 $

NOTE 2: CONTRIBUTED EQUITY

(a) Share capital

		31 Dec 2015 $
Ordinary shares fully paid:165,695,768 (30 June 2015: 38,323,941)	(i)	7,085,165

(i) Movements in ordinary share capital

	31 Dec 2015 Shares	31 Dec 2015 $
Opening balance	38,323,941	5,607,415
Share based payments	-	(72,250)
Shares issued	3,100,000	1,550,000
Share split 4:1	124,271,827	-
Closing balance	165,695,768	7,085,165

(ii) Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

		31 Dec 2015 $
NOTE 2: CONTRIBUTED EQUITY (CONTINUED)		
(b) Share based payment reserve		
Share based payment reserve	(i)	1,386,837
(i) Movements in share based payment reserve		
Opening balance		1,311,620
Share based payments – equity raising		22,250
Share based payments – ESOP		52,967
Closing balance		1,386,837

(ii) Share-based payments

The share-based payments reserve is used to recognise:

- The grant date fair value of options issued to employees but not exercised
- The grant date fair value of options issued for goods or services received but not exercised

(iii) Options

Information relating to the ApplyDirect Ltd employee share option plan ("ESOP"), including details of options issued, exercised and lapsed during the financial period and options outstanding at the end of the reporting period, is set out in Note 3.

(c) Risk management

The Company's objectives when managing capital are to:

- Safeguard the ability to continue as a going concern, so the Company 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 issue new shares.

NOTE 3: SHARE BASED PAYMENTS

(a) Employee Option Plan

The ApplyDirect Ltd employee share option plan ("ESOP") is designed to provide long-term incentives for staff to deliver long-term shareholder returns. Under the plan, participants are granted options. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

(b) Share Based Payments – Capital Raising

In addition to the ESOP, options have also been granted to certain individuals in relation to certain goods or services provided in relation to specific capital raising activities.

(c) Options granted under the ESOP and Capital Raising activities:

	31 Dec 2015 No. of Options
Opening balance	9,961,823
Granted during the period	250,000
Option split 4:1	30,635,469
Closing balance	40,847,292

NOTE 4: CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the period.

NOTE 5: SUBSEQUENT EVENTS

The following subsequent events have occurred subsequent to 31 December 2015:

- On 18 January 2016, the members passed a resolution to effect a share consolidation such that each 4 shares on issue converted into 3 shares
- During the month of February 2016, $1,350,000 cash was raised by the Company from the issue of 1,350,000 $1.00 convertible notes.

NOTE 6: COMPANY DETAILS

The registered office and the principal place of business of the Company is:

Unit 3
3 Wellington St
Kew VIC 3101

APPLYDIRECT LTD
ABN 62 126 975 282

DIRECTORS' DECLARATION

As stated in note 1 to the financial statements, in the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet the directors reporting requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 1.

In the directors' opinion:

(a) The financial statements and notes present fairly the financial position and performance of the Company for the period ended 31 December 2015 in accordance with the Accounting Standards and mandatory professional reporting requirements as detailed above;

(b) In the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Bryan Petereit
Director

Melbourne, 4th April 2016

Independent Auditor's Review Report to the members of ApplyDirect Ltd

Report on the Financial Report

We have reviewed the accompanying financial report, being a special purpose financial report of ApplyDirect Ltd, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report are appropriate to meet the needs of the members. The directors' responsibility also includes such internal controls as the directors determine is necessary to ensure the preparation of a financial report that is fairly presented and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures required, we have become aware of any matter that makes us believe the financial report does not present fairly, in all material respects, the financial position of ApplyDirect Ltd as at 31 December 2015 and its financial performance for the period then ended in accordance with the accounting policies as described in Note 1 to the financial statements.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the Australian professional ethical pronouncements.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of ApplyDirect Ltd does not present fairly, in all material respects, the financial position of ApplyDirect Ltd as at 31 December 2015 and its financial performance for the period then ended in accordance with the accounting policies as described in Note 1 to the financial statements.

Material Uncertainty Regarding the Continuation as a Going Concern

Without modifying our conclusion, we draw attention to Note 1 of the financial report which indicates that during the period 1 July 2015 to 31 December 2015 the Company made a loss of $1,538,396. At 31 December 2015 the Company had negative net assets of $177,476 and an excess of current liabilities over current assets of $170,772.

These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our conclusion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to satisfy the financial reporting requirements of the members. As a result, the financial report may not be suitable for another purpose.

Daniel Allison & Associates Assurance

DANIEL ALLISON & ASSOCIATES ASSURANCE
Chartered Accountants

Paul Carr
Partner
Melbourne, 4th April 2016