

DomaCom Limited
Financial Statements
as at 30 June 2014

ABN 33 153 951 770

DOMACOM LIMITED
ABN 33 153 951 770

DIRECTORS' REPORT
30 JUNE 2014

Your directors present their report on DomaCom Limited (the "Company") for the financial year ended 30 June 2014.

1. Directors

The names of the directors in office throughout the financial year and to the date of this financial report are Mr David Archbold, Mr Graeme A Billings, Mr Grahame Evans, Mr Ross Laidlaw and Mr Arthur Naoumidis. The name of the company secretary in office at the end of financial year and to the date of this financial report is Sophie Ioannou. Details of qualifications, experience and special responsibilities of the Directors are as follows:

Grahame D Evans – Chairman and Non-Executive Chairman (appointed 04/03/2013)

Grahame has been extensively involved with the financial services industry for over 30 years.

He has held a variety of board positions including Chairman of Australian, Canadian, Singaporean & Chinese investment & advice businesses and also as a director of Malaysian and New Zealand companies. He is a regular speaker at conferences both in Australia and overseas and holds an MBA from the prestigious Australian Graduate School of Management, voted in the top 10 management schools in the Asian region. Grahame's executive roles have included CEO Investments for Tower Australia, Managing Director, AMP Consulting and Group Managing Director of Centrepont Wealth. He is currently an executive director of GPS Wealth. At 32, Grahame was the youngest Australian ever to be appointed to the board of an Australian life insurance company.

Arthur Naoumidis – Chief Executive Officer (appointed 26/10/2011)

After 20 years as an IT consultant, Arthur spent 5 years at JB Were and BNP Paribas building an operating investment administration systems and businesses. Using the combined technology and investment administration background, Arthur founded the now ASX Listed Praemium (ASX:PPS). Arthur grew Praemium into a business with 500 client firms (accountants, financial planners, stockbrokers, SMSF administrators and institutions) in Australia administering over \$43 Billion as well as partnering with Blackrock Australia to launch Australia's first online SMA. As a result of listing Praemium on the ASX, Arthur took the Praemium SMA concept to the UK and successfully launched the SMA platform business of Praemium UK.

Arthur is now taking some of the advanced equity concepts he pioneered in the equity markets during his Praemium days into a market that has been relatively untouched by technology and business process improvements – the property market.

David H Archbold – Non-Executive Director (appointed 31/05/2013)

David has over 45 years' experience in the property industry in Australia. Prior to the establishment of International Property Group Pty Limited in 1991, David was Executive Director - International, for Colliers Jardine and Executive General Manager of Hooker Corporation. Previously he was Managing Director of Baillieu Knight Frank (SA) Pty Ltd, then Managing Director of Baillieu Knight Frank (NSW) and a Director/Partner of the Australian Company.

In particular he reviews and analyses corporate property portfolios.

David has a detailed understanding and experience in the domestic and international property markets. He identifies investment and development opportunities for our Asian clients, and provides specialised advice to the banking sector, accounting and legal professions to maximise their client's property performance.

He was appointed to advise the South Australian Asset Management Corporation on restructuring the \$4 billion property portfolio of the former State Bank of South Australia.

He was a member of the Board of the Asset Management Task Force in South Australia, responsible for overseeing the sale and upgrading of Government assets. He was also appointed to the Property Divestment Steering Committee by the South Australian Government.

From July 1995 to June 2004, David was a member of the Board of the Motor Accident Commission (formerly known as the State Government Insurance Commission) which is responsible for third party insurance and a number of government assets.

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Graeme A Billings – Non-Executive Director (appointed 17/04/13)

Graeme has been a chartered accountant since 1980. He retired from PricewaterhouseCoopers in 2011 after 34 years where he was a senior partner in the Assurance practice. Graeme is a former head of the Melbourne Assurance practice as well as leading the Firm's Australian and Global Industrial Products businesses. He has extensive experience in providing assurance, governance, transaction and consulting services to multi-national and national companies in the automotive, manufacturing, consumer goods and construction industries. Graeme was also a regular media commentator on the Industrial Products sector.

Graeme is now an advisor to various companies as well as acting as a non-executive director for a number of public and private companies in the financial services, manufacturing, retail and construction sectors.

Ross A Laidlaw – Executive Director (appointed 01/03/2013)

Ross has spent over 25 years in Financial Services, and has deep and expansive experience within markets in Australasia, Europe and America.

His strength lies in the development of start-up or green field developments and driving them into fully fledged and profitable businesses. Ross was CEO of the successful Skandia Platform for over 8 years (1999 to 2008) developing it into a leading Platform that was well supported by independent financial planners.

Prior to being transferred to Skandia's European business the business had \$15 billion in AUM and employed over 200 staff. Ross has held a number of directorships including the Australian businesses, Skandia's joint venture in Mainland China, Skandia's Fund Management Company in Ireland and American Skandia's Broker Dealer group.

Ross is qualified Chartered Accountant, and Fellow of the Financial Services Institute of Australasia and his key role at DomaCom is as Chief Operating officer and Chief Financial officer.

Sophie Ioannou - Head of Compliance, Risk and Company Secretary (appointed 21/03/2014)

Sophie is a compliance and risk management professional with over 20 years of financial services experience in asset management and investment banking. Sophie specialises in supporting businesses to build sustainable compliance and risk management frameworks during time of regulatory and organisational change. Sophie has served in senior executive management roles within blue chip organisations such as Goldman Sachs, JB Were and IOOF.

During her time within the business, Sophie has implemented complex legislative changes such as AML/CTF, FSRA and MIA and developed oversight programs to support key functions outsourced and offshored to external third parties (at a local and global level).

Sophie has overall responsibility for the management of compliance, risk and company secretarial functions within DomaCom.

Cathryn Nolan the previous Company secretary resigned on the 21st of March, 2014.

2. Directors meetings

The number of Directors' meetings and the number of meetings attended by the Directors of the Company during the financial year were:

Directors' Meetings		
	No of meetings Attended	No of meetings Eligible to attend
Mr David H Archbold	12	14
Mr Graeme A Billings	14	14
Mr Grahame D Evans	14	14
Mr Ross A Laidlaw	14	14
Mr Arthur Naoumidis	14	14

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3. Principal activity

During the year, the principal activities of entities within the Company were the development of a software platform to be used for the trading of fractional interests in property.

4. Operating results

The Company has incurred an operating loss of \$1,534,926 (2013: \$220,623).

5. Distributions paid or declared

No distributions were declared or paid in the current year.

6. Review of operations and financial results

The company is a participant in the financial services market in Australia, having commenced operations in late February 2014.

The company was able to commence operations after obtaining their Australian Financial Services Licence from Australian Securities and Investment Commission on the 23 December 2013 and following the completion of the due diligence process by Perpetual Trust Services Limited, who acts as the responsible entity for the DomaCom Fund.

DomaCom Limited is the investment manager of the DomaCom Fund. The Fund is one of the first of its kind in that it allows investors to hold fractional interests in properties that are held as separate class of units within a managed investment scheme. Very different to a traditional property trust, where the Investment manager selects the properties on their behalf, in our platform the adviser and their clients determine which property or properties they wish to invest in which meets their asset allocation and risk profile.

The DomaCom Fund is primarily targeted to advisers, accountants and other intermediaries that are working with clients holding self-managed superannuation funds. This area of the Australian superannuation market is one of the fastest growing areas and now has assets in excess of \$500 billion. DomaCom continues to increase the number of Advisory groups that can work with us and today we have access to over 300 advisers from groups that have already approved us on their approved product lists.

Given that the company only commenced operations late in the 3rd quarter of the financial year, there has not been significant revenue generated to date.

Additional capital of \$2,585,000 and short term financing of \$800,000 has been raised during the year, to allow the company to continue to develop and invest in the DomaCom platform and also to meet working capital needs.

The Company's net assets increased by 89% compared to the previous year, which is largely due to the increase in the value of the software platform.

7. Significant Changes in State of Affairs

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

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8. Post Balance Date Events

Subsequent to balance date and prior to the issuing of this report, the following events have occurred:

- The Company's Research and Development tax incentive claim was successful and an amount of \$963,396 was receipted in August 2014.
- The Company has successfully raised a further \$1,653,500 in equity through the issue of further K Class shares since the end of the financial year and up until the 15th of October. This includes the conversion into equity of \$300,000 of a loan outstanding at 30 June 2014.
- An agreement has been entered into with a 3rd party on the 18th of September 2014, which has the exclusive option to raise \$3 million in capital by the 24th of November 2014. As at 15th of October 100% of the total amount to be raised has already been completed.
- All short term loans outstanding at 30 June have been repaid, with an amount of \$300,000 converted into share capital.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

9. Future Developments

The likely developments in the operations of the Company and the expected results of those operations in future periods are as follows:

The Company is expected to continue to develop its software platform and increase the level of assets under management in the DomaCom Fund (Managed Investment Scheme) for which the Company will earn management fees for its role as Investment Manager.

10. Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth and State.

11. Indemnification and insurance of Officers or Auditor

During or since the end of the financial year, the Company has given indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

During the year, the Company has paid premiums in respect of an insurance contract to indemnify officers against liabilities that may arise from their position as officers of the Company. Officers indemnified include all directors and all executive officers participating in the management of the Company.

Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

12. Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

13. Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of their proceedings. The Company was not a party to any such proceedings during the year.

14. Auditor's Independence Declaration


A copy of the auditor's independence declaration as required by section 307C of the Corporations Act 2001 is

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set out in the following report.

Signed in accordance with a resolution of the Board of Directors:


ARTHUR NAOUMIDIS

Arthur Naoumidis
Director

16 October 2014



Grant Thornton

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Auditor's Independence Declaration To the Directors of DomaCom Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of DomaCom Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Brad Taylor
Partner - Audit & Assurance

Melbourne, 16 October 2014

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Revenue and other income			
Revenue		4,043	-
Total revenue and other income		<u>4,043</u>	<u>-</u>
Expenses			
Employee benefits expenses		(1,002,908)	(261,576)
Rent		(155,665)	(68,533)
Depreciation		(3,009)	(2,171)
Insurance		(42,899)	(31,818)
Advertising expenses		(261,910)	(70,504)
Travel expenses		(80,870)	(6,589)
IT and telephone expenditure		(100,642)	(19,150)
Professional fees		(151,481)	(84,701)
Finance costs		(27,674)	(372)
Director Fees		(35,000)	-
Other expenses		(69,023)	(13,796)
Total expenses		<u>(1,931,081)</u>	<u>(559,210)</u>
Loss before income tax		<u>(1,927,038)</u>	<u>(559,210)</u>
Income tax revenue	3	<u>392,112</u>	<u>338,587</u>
Total comprehensive loss for the year		<u><u>(1,534,926)</u></u>	<u><u>(220,623)</u></u>

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	347,661	117,227
Receivables	5	968,896	602,626
Prepayments and other assets		35,341	-
TOTAL CURRENT ASSETS		1,351,898	719,853
NON-CURRENT ASSETS			
Property, plant and equipment	6	24,683	11,283
Intangible assets	7	2,922,967	1,318,386
TOTAL NON-CURRENT ASSETS		2,947,650	1,329,669
TOTAL ASSETS		4,299,548	2,049,522
LIABILITIES			
CURRENT LIABILITIES			
Payables	9	326,771	575,820
Provisions	10	94,665	48,089
Interest bearing liabilities	11	826,666	-
TOTAL CURRENT LIABILITIES		1,248,102	623,909
NON-CURRENT LIABILITIES			
Provisions	10	4,475	-
Deferred tax liabilities	8	810,287	239,003
TOTAL NON-CURRENT LIABILITIES		814,762	239,003
TOTAL LIABILITIES		2,062,864	862,912
NET ASSETS		2,236,684	1,186,610
EQUITY			
Issued capital	12	3,885,050	1,300,050
Reserves	13	249,600	249,600
Accumulated losses		(1,897,966)	(363,040)
TOTAL EQUITY		2,236,684	1,186,610

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(2,130,928)	(274,340)
Research and development tax offset received	602,626	-
Finance costs	(1,008)	(372)
Net cash used in operating activities	<u>(1,529,310)</u>	<u>(274,712)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(19,925)	(9,677)
Payments for intangible assets	(1,605,331)	(1,054,926)
Net cash used in investing activities	<u>(1,625,256)</u>	<u>(1,064,603)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	2,585,000	1,150,000
Proceeds from related party loans	-	270,000
Proceeds from short term loans	800,000	-
Net cash provided by financing activities	<u>3,385,000</u>	<u>1,420,000</u>
Net increase in cash and cash equivalents	230,434	80,685
Cash and cash equivalents at the beginning of year	<u>117,227</u>	<u>36,542</u>
Cash and cash equivalents at the end of year	4 <u>347,661</u>	<u>117,227</u>

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital	Reserves	Accumulated Losses	Total
2014	\$	\$	\$	\$
Opening Balance 1 July 2013	1,300,050	249,600	(363,040)	1,186,610
Issue of share capital	2,585,000	-	-	2,585,000
Share based payments	-	-	-	-
	3,885,050	249,600	(363,040)	3,771,610
Transactions with owners recorded directly in equity:				
Profit for the year	-	-	(1,534,926)	(1,534,926)
Other comprehensive income	-	-	-	-
Balance at 30 June 2014	3,885,050	249,600	(1,897,966)	2,236,684

	Issued Capital	Reserves	Accumulated Losses	Total
2013	\$	\$	\$	\$
Opening Balance 1 July 2012	150,050	84,000	(142,417)	91,633
Issue of share capital	1,150,050	-	-	1,150,000
Share based payments	-	165,600	-	165,600
	1,300,050	249,600	(142,417)	1,407,233
Transactions with owners recorded directly in equity:				
Loss for the year	-	-	(220,623)	(220,623)
Other comprehensive income	-	-	-	-
Balance at 30 June 2013	1,300,050	249,600	(363,040)	1,186,610

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The financial report includes the financial statements and notes of DomaCom Ltd.

The Company has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. DomaCom is a for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2014 were approved and authorised for issue by the Board of Directors on 16th October 2014.

NOTE 2: SUMMARY OF ACCOUNTING POLICIES

(a) Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

(b) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

(c) Intangible assets

Recognition of other intangible assets

Acquired intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

Internally developed intangibles

Expenditure on the research phase of projects to develop the software platform is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Company intends to and has sufficient resources to complete the project
- the Company has the ability to use or sell the asset
- the software will generate probable future economic benefits

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (continued)

(c) Intangible assets (continued)

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on development along with an appropriate portion of relevant overheads.

Subsequent measurement

All intangible assets, including the internally developed software platform, are accounted for using the cost model whereby capitalised costs are amortised on a systematic basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

Any capitalised internally developed asset that is not yet complete is not amortised but is subject to impairment testing.

Subsequent expenditures on the maintenance of computer software and the software platform will be expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

(d) Property, plant and equipment

Furniture and fittings are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Furniture and fittings are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of furniture and fittings. The useful life applied to furniture and fittings is 10 years.

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

(e) Leased assets

Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (continued)

(f) Impairment testing of intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units 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 or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

(g) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in Companies, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified Company.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables, and related party loans

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Financial Liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(h) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

The company may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (eg the Research and Development Tax Incentive regime in Australia or other investment allowances). The Company accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2: SUMMARY OF ACCOUNTING POLICIES (continued)

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings includes all current and prior period retained profits.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

(k) Employee benefits

Short-term employee benefits

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

Share-based payments

Share-based compensation benefits are provided to employees via the Company or Shareholders for no cash consideration.

The fair value of shares granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the shares.

(l) Provisions, contingent liabilities and contingent assets

Provisions for legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

DOMACOM LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (continued)

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(n) Going Concern

As a developing business the Company has experienced an operating loss of \$1,534,926 (2013: \$220,623) and net working capital of \$103,796.

The continuing viability of the Company and its ability to continue as a going concern is dependent upon the Company being successful in its continuing efforts in accessing additional sources of capital. If these matters are not achieved, there may be significant uncertainty as to whether the Company will continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report. The Directors believe that the Company will be able to access sufficient sources of funds and, accordingly, have prepared the financial report on a going concern basis.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the Company not continue as a going concern.

Significant matters considered by the Directors in determining that it is appropriate for the financial report to be prepared on a going concern basis include:

- The Company's Research and Development tax incentive claim was successful and an amount of \$963,396 was receipted in August 2014.
- The Company has successfully raised a further \$1,653,500 in equity through the issue of further K Class shares since the end of the financial year and up until the 15th of October. This includes the conversion into equity of \$300,000 of a loan outstanding at 30 June 2014.
- An agreement has been entered into with a 3rd party on the 18th of September 2014, which has the exclusive option to raise \$3 million in capital by the 24th of November 2014. As at 15th of October 100% of the total amount to be raised has already been completed.
- All short term loans outstanding at 30 June have been repaid, with an amount of \$300,000 converted into share capital.
- Discussions are continuing with several institutions in terms of becoming a cornerstone investor.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: SUMMARY OF ACCOUNTING POLICIES (continued)

(o) Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgments

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Capitalisation of internally developed software platform

Distinguishing the research and development phases of the internally developed software platform and determining whether the recognition requirements for the capitalisation of development costs are met requires judgment. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
NOTE 3: INCOME TAX REVENUE			
Prima facie tax on loss before income tax		(1,927,038)	(555,210)
Prima facie tax on loss before income tax at 30% (2013: 30%)		<u>578,111</u>	<u>167,763</u>
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Share based payments		-	(49,680)
Non-deductible research and development expenses		(642,264)	(401,751)
Research and development tax offset received		963,396	602,626
De-recognition of income tax losses previously brought to account		(99,255)	-
De-recognition of current year income tax losses		(407,876)	-
Sundry items		-	19,629
Income tax revenue		<u>392,112</u>	<u>338,587</u>
Components of tax revenue			
Research and development tax offset received		963,396	602,626
Tax losses		-	74,219
Temporary differences		(472,029)	(338,258)
De-recognition of income tax losses previously brought to account		(99,255)	-
		<u>392,112</u>	<u>338,587</u>

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank	327,661	96,977
Cash on deposit	20,000	20,250
	<u>347,661</u>	<u>117,227</u>

Cash carries a weighted average effective interest rate of 2.0% (2013: 0.5%).

NOTE 5: RECEIVABLES

CURRENT

Amount receivable from R&D taxation rebate	963,396	602,626
Other debtors	5,500	-
	<u>968,896</u>	<u>602,626</u>

Receivables are non-interest bearing. There are no receivables where the fair value would be materially different from the current carrying value.

The Company reviews all receivables for impairment. Any receivables which are doubtful have been provided for. Based on past experience all receivables where no impairment has been recognised are not considered to be impaired. No other class of financial asset are past due.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
NOTE 6: PLANT AND EQUIPMENT			
Furniture & fittings		9,677	9,677
Less: Accumulated depreciation		(2,902)	(967)
Total furniture & fittings		<u>6,775</u>	<u>8,710</u>
 Plant and office furniture, at cost		 3,027	 3,027
Less: Accumulated depreciation		(1,060)	(454)
		<u>1,967</u>	<u>2,573</u>
 Computer Equipment, at cost		 19,925	 -
Less: Accumulated depreciation		(3,984)	-
		<u>15,941</u>	<u>-</u>
 Total Property, Plant and Equipment		 <u>24,683</u>	 <u>11,283</u>

NOTE 7: INTANGIBLE ASSETS

Software platform at cost	2,894,467	1,289,136
 Computer software at cost	 30,000	 30,000
Less: Accumulated depreciation	(1,500)	(750)
	<u>28,500</u>	<u>29,250</u>
	 <u>2,922,967</u>	 <u>1,318,386</u>

NOTE 8: DEFERRED TAX ASSETS/(LIABILITIES)

NON CURRENT

Employee entitlements and other accruals	58,128	14,427
Research and development tax offset	(868,415)	(352,685)
Tax losses	-	99,255
	<u>(810,287)</u>	<u>(239,003)</u>

NOTE 9: PAYABLES

CURRENT

Trade creditors	223,926	162,886
Sundry creditors and other accruals	102,845	142,934
	<u>326,771</u>	<u>305,820</u>

Payables are non-interest bearing.

There are no payables where the fair value would be materially different from the current carrying value.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
NOTE 10: PROVISIONS			
CURRENT:			
Employee entitlements		<u>94,665</u>	48,089
NON-CURRENT			
Employee entitlements		<u>4,475</u>	-

NOTE 11: Interest bearing liabilities

CURRENT:			
Short term loans		<u>826,666</u>	-

The short term loans are interest bearing loans of 10% per quarter. Loans have been subsequently repaid or converted to share capital.

		2014 \$	2013 \$
NOTE 12: ISSUED CAPITAL			
Ordinary shares fully paid	(a)	50	50
K shares fully paid	(b)	<u>3,885,000</u>	1,300,000
		<u>3,885,050</u>	1,300,050

(a) Ordinary shares

	No.	\$
2013		
Opening balance 1 July 2012	24,000,000	50
Ordinary shares fully paid issued during the period	<u>1,000,000</u>	-
Closing balance as at 30 June 2013	<u>25,000,000</u>	50

2014

Opening balance 1 July 2013	25,000,000	50
Ordinary shares fully paid issued during the period	<u>-</u>	-
Closing balance as at 30 June 2014	<u>25,000,000</u>	50

Ordinary shares participate in dividends; however they participate in the proceeds on winding up of the Company behind K shareholders in proportion to the number of ordinary shares held. At 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12: ISSUED CAPITAL (CONTINUED)

(b) K shares

	No.	\$
2013		
Opening balance 1 July 2012	3,125,000	150,000
K shares fully paid issued during the period	19,208,334	1,150,000
Closing balance as at 30 June 2013	<u>22,333,334</u>	<u>1,300,000</u>
2014		
Opening balance 1 July 2013	22,333,334	1,300,000
K shares fully paid issued during the period	12,925,000	2,585,000
Closing balance as at 30 June 2014	<u>35,258,334</u>	<u>3,885,000</u>

K shares participate in dividends; however they participate in the proceeds on winding up of the Company ahead of ordinary shareholders in proportion to the number of K shares held. At the shareholders meetings, each K share is entitled to one vote when a poll is called otherwise each shareholder has one vote on a show of hands.

	Note	2014 \$	2013 \$
NOTE 13: RESERVES			
Share based payment reserve		<u>249,600</u>	249,600
Opening balance		249,600	84,000
Share based payments for the year		-	165,600
Closing balance		<u>249,600</u>	<u>249,600</u>

Share based payment reserve is used to recognise the grant date fair value of shares issued to employees by the Company or Shareholders.

NOTE 14: RELATED PARTY TRANSACTIONS

Key management personnel compensation	<u>241,601</u>	226,262
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NOTE 15: COMMITMENTS

Operating lease commitments:		
No later than 12 months	153,528	13,730
Between 12 months and 5 years	376,392	-
Greater than 5 years	-	-
Minimum lease payments	<u>529,920</u>	<u>13,730</u>

Operating leases entered into by the Company relate to its office rental obligations. (Melbourne, Sydney, Adelaide offices)

DOMACOM LIMITED
ABN 33 153 951 770

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16: CONTINGENT LIABILITIES

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

NOTE 17: SUBSEQUENT EVENTS

Subsequent to balance date and prior to the issuing of this report, the following events have occurred:

- The Company's Research and Development tax incentive claim was successful and an amount of \$963,396 was receipted in August 2014.
- The Company has successfully raised a further \$1,653,500 in equity through the issue of further K Class shares since the end of the financial year and up until the 15th of October. This includes the conversion into equity of \$300,000 of a loan outstanding at 30 June 2014.
- An agreement has been entered into with a 3rd party on the 18th of September 2014, which has the exclusive option to raise \$3 million in capital by the 24th of November 2014. As at 15th of October 100% of the total amount to be raised has already been completed.
- All short term loans outstanding at 30 June have been repaid, with an amount of \$300,000 converted into share capital.

There have been no other events subsequent to year end that require disclosure.

NOTE 18: COMPANY DETAILS

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


Level 6
99 Queen Street
Melbourne, VIC 3000

DIRECTORS' DECLARATION

In the opinion of the directors of DomaCom Ltd

- a the financial statements and notes of DomaCom Ltd are in accordance with the *Corporations Act 2001*, including
 - i giving a true and fair view of its financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
 - ii complying with Australian Accounting Standards - Reduced Disclosure Regime (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b there are reasonable grounds to believe that DomaCom Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:


ARTHUR NAOUMIDIS

Arthur Naoumidis
Director

Dated the 16th of October 2014

The Rialto, Level 30
525 Collins St
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Independent Auditor's Report To the Members of DomaCom Limited

We have audited the accompanying financial report of DomaCom Limited (the “Company”), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors’ declaration of the company.

Directors’ responsibility 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 - Reduced Disclosure Requirements and the Corporations Act 2001. The Directors’ responsibility also includes 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.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion the financial report of DomaCom Limited 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 2014 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards- Reduced Disclosure Requirements and the Corporations Regulations 2001.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2(n) of the financial report which indicates uncertainties regarding the going concern assumption. The conditions outlined in note 2(n) indicate the need to obtain additional capital to continue as a going concern. These conditions 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 its ability to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Brad Taylor
Partner - Audit & Assurance

Melbourne, 16 October 2014