Digital Castle Pty Ltd
and its controlled entities
ABN 69 169 102 523

Annual Report
30 June 2016

Digital Castle Pty Ltd and its controlled entities

Contents

Director's Report

For the year ended 30 June 2016

The directors present their report together with the financial report of Digital Castle Pty Ltd (the Company) and of the Group, being the Company and its subsidiaries for the financial year ended 30 June 2016 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name and qualifications	Experience, special responsibilities and other directorships
David Williams B.Ec (Hons), M.Ec, FAICD Chairperson since 27 November 2014 Director	Mr Williams is the Managing Director of Kidder Williams Ltd, with over 30 years experience in the investment banking sector. He is also currently Chairman of PolyNovo Limited and Medical Developments International Ltd. Director since 27 November 2014. Appointed Chairperson on 27 November 2014.
Mark Armstrong CPA, LREA, CEA (REIV) Chief Executive Officer Director	Mr Armstrong is an experienced property professional with over 20 years experience in the areas of property advisory, tax, negotiation and development. Director since 15 April 2014. Appointed Chief Executive Officer on 15 April 2014.
Xavier Perronnet BTeach(Prim), BAppSc, GradDipMus, MBus(Prop) Chief Product Officer Director	Mr Perronnet has an extensive background in property investment and portfolio advice, buyer/vendor advocacy, property valuation, web strategy and product delivery. Director since 15 April 2014. Appointed Chief Product Officer on 15 April 2014.

2. Company secretary

There has been no company secretary appointed since incorporation.

3. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings	
	A	B
Mark Armstrong	12	12
Xavier Perronnet	12	12
David Williams	12	12

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the year

Director's Report (continued)
For the year ended 30 June 2016

4. Principal activities

The Company was incorporated on 15 April 2014 as Digital Castle Pty Ltd.

The principal activity of the Group during the course of the financial year was real-estate agent ratings and statistics services provided via an online platform at ratemyagent.com.au. In the financial years ended 30 June 2015 and 30 June 2016, the Group's main revenue includes revenue from subscription services to the ratemyagent.com.au website. There were no other changes in the nature of the activities of the Group during the year.

Objectives

The Group's objectives are to:

- Retain 80 percent of all customers on a period-to-period basis and increase customer satisfaction with its service to an average rating of 'high' for all industry segments.
- In order to meet these objectives the following targets have been set for future years:
  - grow market share for existing business and increase revenue and operating activities of at least 10 percent per month;
  - consider further strategic alliances through joint ventures and capital raisings to minimise the operating and financial risks to the Group; and
  - further develop the management team by establishing a leadership programme within the Group.

5. Operating and financial review
Overview of the Group results

The Group loss after income tax for the year ended 30 June 2016 amounted to a loss of $1,517,622 (year ended 30 June 2015: Loss of $8,655,530).

Ratemyagent.com Pty Ltd is the main operating entity. All other entities in the Group did not trade for the year ended 30 June 2016, year ended 30 June 2015 and period ended 30 June 2014.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review, other than the $5,000,004 capital raising, comprising $4,690,004 cash and $310,000 non-cash, as stated in Note 15 to the financial statements.

6. Dividends
There were no dividends paid or declared by the Company since the end of the previous financial period.

7. Events subsequent to reporting date
Subsequent to reporting date, Digital Castle LLC, a controlled entity of the Company, was formed on 14 July 2016. Refer Note 16.

7. Events subsequent to reporting date (continued)

Apart from the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8. Likely developments

The Group will continue to pursue its policy of increasing the profitability and market share of its major business sector during the next financial year. This will require further investment in areas such as staff and computer data. The capital raising that occurred during the 30 June 2016 financial year has allowed for hiring of staff, relocation of premises and increased data capacity.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

8. Environmental regulation

The Group's operations are not subject to significant environmental regulation under both Commonwealth and State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

9. Indemnification and insurance of officers and auditors

Indemnification and insurance premiums

The Company has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is, or has been officer of the Company and the Group prior to 1 March 2016. Since 1 March 2016, the Company agreed to indemnify the directors of the Company and the Group against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors of the Company and the Group, except where the liability arises out of conduct involving a lack of good faith.

The directors have not included details of the nature of the liabilities covered or the amount of premium paid by the overseas related body corporate in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

The Company has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is, or has been an auditor of the Company and the Group.

Digital Castle Pty Ltd and its controlled entities

Director's Report (continued)

For the year ended 30 June 2016

10. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors:

David Williams
Director

Mark Armstrong
Director

Dated at Melbourne this 20th day of March 2017.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Digital Castle Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Tony Batsakis
Partner
Melbourne
20 March 2017

Digital Castle Pty Ltd and its controlled entities

Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2016

	Note	**2016** **$**	**2015** **$**
Services income	4	598,220	98,098
Other income	4	-	263,498
Total Revenue		598,220	361,596
Transaction fees		(14,321)	(3,050)
Employee benefits expense	5	(1,328,319)	(592,789)
Consultant and contractor expenses		(216,068)	(227,551)
Consultant expenses - development costs written off		-	(279,825)
Marketing related expenses		(101,515)	(50,009)
Technology expenses		(190,600)	(109,932)
Operations and administration expenses		(284,455)	(96,126)
Depreciation expense	11	(3,990)	(1,250)
Share-based payment expense	6	-	(7,656,594)
Operating (loss)		(1,541,048)	(8,655,530)
Finance income	7	23,933	-
Finance costs		(507)	-
Net finance income		23,426	-
(Loss) before tax		(1,517,622)	(8,655,530)
Income tax benefit	8	-	-
(Loss) for the year		(1,517,622)	(8,655,530)
Other comprehensive income			
Items that will never be reclassified to profit or loss:		-	-
Items that are or may be reclassified to profit or loss:		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive (loss) for the year		(1,517,622)	(8,655,530)

The notes on pages 12 to 31 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Cash and cash equivalents	9(a)	703,441	10,630
Other financial assets	9(b)	3,500,000	-
Trade and other receivables	10	49,213	359,626
Tax receivable	8(d)	-	263,498
Total current assets		4,252,654	633,754
Property, plant and equipment	11	21,818	4,797
Total non-current assets		21,818	4,797
Total assets		4,274,472	638,551
Liabilities			
Trade and other payables	12	412,952	77,920
Employee benefits	13	89,626	144,668
Deferred income/revenue	14	55,158	11,586
Total current liabilities		557,736	234,174
Employee benefits	13	2,704	-
Total non-current liabilities		2,704	-
Total liabilities		560,440	234,174
Net assets		3,714,032	404,377
Equity			
Share capital	15	6,270,683	1,443,406
Retained earnings/ (Accumulated losses)		(10,213,245)	(8,695,623)
Share-based payment reserve	15	7,656,594	7,656,594
Total equity		3,714,032	404,377

The notes on pages 12 to 31 are an integral part of these consolidated financial statements.

Digital Castle Pty Ltd and its controlled entities

Consolidated statement of changes in equity

for the year ended 30 June 2016

	Note	Share capital $	Retained earnings/ (accumulated losses) $	Share-based payment reserve $	Total equity/ (deficiency in equity) $
Balance as at 30 June 2014		-	(40,093)	-	(40,093)
Total comprehensive income/ (loss)					
Profit/ (loss) for the year		-	(8,655,530)	-	(8,655,530)
Total comprehensive income/ (loss) for the year		**-**	**(8,655,530)**	**-**	**(8,655,530)**
Transactions with owners of the Company					
Contributions and distributions					
Issue of ordinary shares	15	1,443,406	-	-	1,443,406
Share-based payment expense for the year	6	-	-	7,656,594	7,656,594
Total contributions and distributions		1,443,406	-	7,656,594	9,100,000
Total transactions with owners of the Company		**1,443,406**	**-**	**7,656,594**	**9,100,000**
Balance as at 30 June 2015		**1,443,406**	**(8,695,623)**	**7,656,594**	**404,377**

	Note	Share capital $	Retained earnings/ (accumulated losses) $	Share-based payment reserve $	Total equity $
Balance as at 30 June 2015		1,443,406	(8,695,623)	7,656,594	404,377
Total comprehensive income/ (loss)					
Profit/ (loss) for the year		-	(1,517,622)	-	(1,517,622)
Total comprehensive income/ (loss) for the year		-	(1,517,622)	-	(1,517,622)
Transactions with owners of the Company					
Contributions and distributions					
Issue of ordinary shares, net of equity transaction costs	15	4,827,277	-	-	4,827,277
Total contributions and distributions		4,827,277	-	-	4,827,277
Total transactions with owners of the Company		**4,827,277**	**-**	**-**	**4,827,277**
Balance as at 30 June 2016		**6,270,683**	**(10,213,245)**	**7,656,594**	**3,714,032**

The notes on pages 12 to 31 are an integral part of these consolidated financial statements.

Digital Castle Pty Ltd and its controlled entities

Consolidated statement of cash flows

for the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows (used in) operating activities			
Cash receipts from customers		661,027	116,853
Cash paid to suppliers and employees		(1,578,473)	(913,226)
Interest paid		(507)	-
Research and development government grants receipt		263,498	-
Net cash (used in) operating activities	18	(654,455)	(796,373)
Cash flows (used in) investing activities			
Acquisition of property, plant and equipment		(21,011)	(6,047)
Investment in term deposits	9(b)	(3,500,000)	-
Net cash flows (used in) investing activities		(3,521,011)	(6,047)
Cash flows from financing activities			
Proceeds from issue of share capital		5,041,004	649,000
Payment of equity transaction costs		(172,727)	-
Net advance from related party	17(a)(ii)	-	163,581
Net cash flows from financing activities		4,868,277	812,581
Net increase in cash and cash equivalents		692,811	10,161
Cash and cash equivalents at beginning of year		10,630	469
Cash and cash equivalents at end of year	9	703,441	10,630

The notes on pages 12 to 31 are an integral part of these consolidated financial statements.

1. Reporting entity

Digital Castle Pty Ltd (the "Company") is a company domiciled in Australia.

The Company's registered office is at Level 1, 118-120 Balmain Street, Richmond, Victoria 3121. The consolidated financial report of the Company as at and for the year ended 30 June 2015, comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies").

The Group is a for-profit entity and is primarily involved in real-estate agent ratings and statistics services provided via an online platform at ratemyagent.com.au.

2. Basis of accounting

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

They were authorised for issue by the Board of Directors on 20 March 2017.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

(d) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3. Summary of significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that the economic benefit will flow to the Group and the revenue can be measured reliably. Where services have been billed in advance and obligations are not complete, the revenue will be deferred.

(i) Subscription services revenue

Subscription services revenue are recognised on a straight-line basis over the contract period.

(ii) Revenue from banner advertising services

Revenue from banner advertising is recognised on delivery of advertising services, being over the period in which the advertisements are placed on the Group's website. Deferred income is recognised as a liability to the extent of advertising services income funds received and not delivered at balance date.

(iii) Other income – research and development government grants

Government grants are recognised initially as deferred income at fair value and when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant, they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for expenditure capitalised are recognised as a reduction in the carrying value of the asset and grants that compensate the Group for expenditure recognised in profit or loss are recognised as government grant income.

3. Summary of significant accounting policies (continued)

(c) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income; and
- interest expense.

Interest income or expense is recognised using the effective interest method.

(d) Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the exchange rate at the date of the transaction

(e) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights (SARs), which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

3. Summary of significant accounting policies (continued)

(e) Employee benefits (continued)

(iii) Defined contribution superannuation funds

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(v) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(f) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

3. Summary of significant accounting policies (continued)

(g) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

- Equipment 2 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3. Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

(ii) Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Held to maturity financial assets

Term deposits that have a maturity of greater than three months are classified as other financial assets, which are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

3. Summary of significant accounting policies (continued)

(i) Impairment

(ii) Non-derivative financial assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets measured at both an individual asset and a collective level. All individually significant assets are individually assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(iii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

3. Summary of significant accounting policies (continued)

(i) Impairment (continued)

(ii) Non-financial assets (continued)

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it's probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(k) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

(m) Capital management

The Directors' policy is to maintain a strong capital base so as to maintain creditor and shareholder confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividends to ordinary shareholders. There were no changes to the Group's approach to capital management from the previous year and the Group is not subject to externally imposed capital requirements.

3. Summary of significant accounting policies (continued)

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. AASB 9 is effective for annual periods beginning on or after 1 January 2018. The Group does not plan to adopt this standard early and the extent of impact is not yet determined.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 18 Revenue and AASB 11 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group does not plan to adopt this standard early and the extent of impact is not yet determined.

(iii) AASB 16 Leases

AASB 16 requires companies to bring most operating leases on-balance sheet from 2019. Companies with operating leases will appear to be more asset-rich, but also more heavily indebted. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The Group does not plan to adopt this standard early and the extent of impact is not yet determined.

4. Revenue

	2016 $	2015 $
Services income:		
Revenue from banner advertising services	-	4,746
Subscription services revenue	598,220	93,352
	598,220	98,098
Other income:		
Research and development government grants	-	263,498
	598,220	361,596

5. Employee benefit expenses

	2016 $	2015 $
Wages and salaries	1,082,882	388,006
Directors' fees	20,000	129,589
Superannuation contributions	114,982	48,052
Increases in liability for annual leave and long service leave	65,321	26,869
Other employee expenses	45,134	273
	1,328,319	592,789

6. Share-based payments – prior financial year

(a) Description of share-based payment arrangements

For the year ended 30 June 2015, the Group had the following equity-settled share-based payment arrangements. The Group did not have any share-based payment arrangements in the year ended 30 June 2016.

(i) Loan conversion

On 27 November 2014, the Group granted 13,770,000 ordinary shares for the assumption of a related party loan at a price of 3.2c per share, with no vesting conditions attached. All shares were exercised on that date.

(ii) Other share-based payment

On 27 November 2014, the Group granted 2,430,000 ordinary shares to shareholder entity related to a key management personnel, with no vesting conditions attached. All shares were exercised on that date.

(b) Measurement of fair values

The fair value of the share based payments has been measured by reference to the fair value of the equity instruments granted on 27 November 2014, which is the measurement date. As market prices are not available, the Group has determined the fair value of the equity instruments granted using a valuation technique to estimate the price of the equity instruments on the measurement date in an arm's length transaction between knowledgeable, willing parties. The Group has determined that the share issue of 1,100,000 shares and 900,000 bonus shares for $1,000,000 (refer Note 14) on 27 November 2014 to a new shareholder of the Company is the best evidence of the fair value of the equity instruments at 27 November 2014 as this constituted an arm's length transaction between knowledgeable, willing parties. This equates to $0.50 per share.

The inputs used in the measuring of the fair values at grant date of the equity-settled share-based payments were as follows:

	Loan conversion Cents per share	Other shares Cents per share
Fair value at exercise date	50	50
Value at grant date – consideration paid	3.22	-
	46.78	50
Number of shares	13,770,000	2,430,000
Share based payment expense: year ended 30 June 2015	$ 6,441,594	$ 1,215,000
Total: year ended 30 June 2015	$7,656,594	

7. Finance income and expense

	2016 $	2015 $
Interest income	23,933	-
Finance income	23,933	-
Finance expense	(507)	-
Net finance income	23,426	-

8. Income taxes

(a) Amounts recognised in profit or loss

	2016 $	2015 $
Current tax expense		
Current year / period benefit	(409,561)	(144,009)
	(409,561)	(144,009)
Deferred tax expense		
Origination and reversal of temporary differences	(9,726)	(59,056)
Deductible temporary differences not recognised	419,287	203,065
	409,561	144,009
Tax (benefit) on continuing operations	-	-

(b) Reconciliation of effective tax rate

	2016 $	2015 $
(Loss) before income tax from continuing operations	(1,517,622)	(8,655,530)
Tax using the Group's domestic tax rate of 30%	(455,287)	(2,596,659)
Non-deductible expenses – share-based payment expense	-	2,296,978
Non-deductible expenses - research and development expenses	-	175,665
Non-deductible expenses – other	36,000	-
Non-assessable income - research and development tax incentive	-	(79,049)
Deductible temporary differences not recognised	419,287	203,065
	-	-

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

	2016 $	2015 $
Deductible temporary differences	71,682	61,956
Tax loss	562,698	153,136
	634,380	215,092

(d) Tax receivable

	2016 $	2015 $
Current		
Income tax receivable	-	263,498

Income tax receivable represents the refund due to the Group on expenditure during the current financial year eligible for research and development tax concessions.

9. (a) Cash and cash equivalents

	Note	2016 $	2015 $
Bank balances		3,441	10,630
Term deposits less than 3 months		700,000	-
Cash and cash equivalents in the statement of cash flows		703,441	10,630

(b) Other financial assets

	Note	2016 $	2015 $
Term deposits more than 3 months		3,500,000	-

10. Trade and other receivables

	Note	2016 $	2015 $
Current			
Trade receivables		-	9,316
Provision for doubtful debts		-	(9,316)
Receivable from related entity		-	11,200
Provision for doubtful debts		-	(11,200)
GST receivable		17,309	5,985
Receivable from related entity	17(a)(ii)	-	351,000
Sundry debtors		20,576	2,641
Prepayment		11,328	-
		49,213	359,626

11. Property, plant and equipment

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	2016 $	2015 $
Equipment		
Cost		
Balance at beginning of year	6,047	-
Additions	21,011	6,047
Balance at 30 June	27,058	6,047
Accumulated depreciation		
Balance at beginning of year	1,250	-
Depreciation	3,990	1,250
Balance at 30 June	5,240	1,250
Carrying amount of property, plant and equipment	21,818	4,797

12. Trade and other payables

	2016 $	2015 $
Current		
Trade creditors	42,581	-
Accrued expenses	358,590	66,139
Director fees accrued	11,781	11,781
	412,952	77,920

	2016 $	2015 $
13. Employee benefits		
Current		
Liability for annual leave	89,486	26,869
Salaries owing to directors	140	117,799
	89,626	144,668
Non -current		
Liability for long service leave	2,704	-
	2,704	-

14. Deferred income/ revenue

	2016 $	2015 $
Current		
Customer advances	55,158	11,586

Deferred income / revenue comprises revenue received for which services have not yet been provided at balance date.

15. Capital and reserves

(a) Share capital

	Note	2016 $	2015 $
On issue 1 July		1,443,406	-
Issued for nil consideration		-	-
Issued for cash	(i)	4,690,004	1,000,000
Issued – bonus shares		-	-
Issued as a share-based payment and for debt settlement	(ii)	-	443,406
Issued for debt settlement	(iii)	310,000	-
Equity transaction costs	17(a)(ii)	(172,727)	-
On issue 30 June		6,270,683	1,443,406

		2016 Number of shares	2015 Number of shares
On issue 1 July		20,000,000	1,200,000
Issued for nil consideration		-	600,000
Issued for cash	(i)	6,253,338	1,100,000
Issued – bonus shares		-	900,000
Issued as a share-based payment and for debt settlement	(ii)		16,200,000
Issued for debt settlement	(iii)	413,334	-
On issue 30 June		26,666,672	20,000,000

All ordinary shares rank equally with regard to the Company's residual assets.

15. Capital and reserves (continued)

(a) Share capital (continued)

The Company does not have authorised capital or par value in respect of its issued shares. The holders of these shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

All issued shares are fully paid, except as noted in Note 15(a)(ii) below.

(i) In the 2016 financial year, $5,000,004 capital was raised, comprising $4,690,004 cash and $310,000 non-cash.

(ii) In the 2015 financial year, 1,100,000 shares were issued on 27 November 2014 for cash of $1,000,000. $649,000 was received in cash during the year ended 30 June 2015. At 30 June 2015, an amount of $351,000 is outstanding for the share issue. Refer Note 10.

Unpaid capital is recognised as share capital when it is called by the Company, which is when a legally enforceable right arises in respect of the collection of unpaid capital subscription and the collection of unpaid amounts is considered probable. The amount of $351,000 was received in the year ended 30 June 2016.

(iii) In the 2015 financial year, on 27 November 2014, the company issued 16,200,000 shares in settlement of an amount of $443,406 owing by the Group to a related party, Armstrong Property Planning Pty Ltd. Refer Notes 6 and 17.

(b) Share-based payment reserve

The share based payment reserve represents fair value adjustments for share based payments. Refer Note 6(b).

(c) Dividends

	2016	2015
Dividend franking account	**$**	**$**
Amount of franking credits available to shareholders of the Company for subsequent financial years	-	-

16. List of subsidiaries

Set out below is a list of subsidiaries of the Group. Set out below is a list of subsidiaries of the Group. The ultimate controlling entity is Digital Castle Pty Ltd.

		Ownership interest	
Name	**Principal place of business**	**2016**	**2015**
DC Global Pty Ltd [2]	Australia	100%	100%
Property Results Online Pty. Ltd [3]	Australia	100%	100%
Propertyresultsonline.com.au Pty. Ltd [3]	Australia	100%	100%
Property Tycoon Pty. Ltd [3]	Australia	100%	100%
Propertytycoon.com.au Pty. Ltd [3]	Australia	100%	100%
Ratemyagent.com Pty Ltd [1, 2]	Australia	100%	100%

[1] Ratemyagent.com Pty Ltd is 100% owned by DC Global Pty Ltd. Ratemyagent.com Pty Ltd was formerly known as Ratemyagent.com.au Pty Ltd prior to 25 November 2016.

[2] Incorporated 15 April 2014

[3] Incorporated 23 April 2014

Subsequent to year end, Digital Castle LLC, a controlled entity of the Company, was formed on 14 July 2016.

17. Related parties

(a) Transactions with key management personnel

(i) Key management personnel compensation

The key management personnel compensation comprised the following:

	2016 $	2015 $
Short-term employee benefits, including directors' salaries	407,268	182,541
Post-employment benefits	33,339	15,942
	440,607	198,483

Compensation of the Group's key management personnel includes salaries and contributions to post-employment defined contribution funds.

(ii) Key management personnel transactions

Receivables from director related entity

At 30 June 2015, an amount was $351,000 (2014: nil) was receivable from a director-related entity, ACN 163 580 470 Pty Ltd and is included in 'trade and other receivables' (refer Note 10). ACN 163 580 470 Pty Ltd is beneficially owned by Mark Armstrong (70%) and Xavier Perronnet (30%) who are directors of the company. This balance owing at 30 June 2015 represent share issue monies in the Company which was received by ACN 163 580 470 Pty Ltd on behalf of the Company. Refer Note 15(a)(i). The amount of $351,000 has been received in the year ended 30 June 2016.

At 30 June 2015, an amount was $11,200 (2014: nil) was receivable from a director-related entity, ACN 163 580 470 Pty Ltd and is included in 'trade and other receivables' (see Note 10). ACN 163 580 470 Pty Ltd is beneficially owned by Mark Armstrong (70%) and Xavier Perronnet (30%) who are directors of the company. During the year ended 30 June 2015, doubtful debts expense amounting to $11,200 was provided against this receivable and is included in operations and administration expenses in the statement of profit and loss and other comprehensive income (refer Note 10).

Net advance and recharges from related parties

During the year ended 30 June 2015, net advances of $163,581 were received from a director-related entity, Armstrong Property Planning Pty Ltd. The advance was settled by way of an equity issue on 27 November 2014.

During the year ended 30 June 2015, development and software expenses totalling $279,825 were recharged to the Group from a director-related entity, Armstrong Property Planning Pty Ltd. The recharges were settled by way of an equity issue on 27 November 2014.

Refer Note 15(a)(ii).

17. Related parties (continued)

(a) Transactions with key management personnel (continued)

(ii) Key management personnel transactions (continued)

Rent

During the year ended 30 June 2016, $44,568 (GST exclusive) was paid to a director-related entity, Armstrong Property Planning Pty Ltd, for rental of office premises.

During the year ended 30 June 2015, a director-related entity, Armstrong Property Planning Pty Ltd, rented office premises and provided part of the rented office premises to the Group. The value of the rental expense is approximately $41,000 exclusive of GST and has been included as part of the equity transaction in Note 14(a)(ii).

There was no operating lease commitment for the Group at 30 June 2016 (30 June 2015: $nil).

Other transactions

Other amounts incurred in respect of key management personnel expenses for the year ended 30 June 2016 comprised:

- directors fees of $20,000 (2015: $11,781 expensed and accrued at 30 June 2015) and consultancy fees of $nil (2015: $57,705) paid to a director-related shareholder entity for the year ended 30 June 2016. The director fees of $20,000 for the year ended 30 June 2016 was settled by way of issue of shares.
- salaries of $100,000 for the year ended 30 June 2016 owing to two directors were settled by way of issue of shares.

Refer note 13 for Amounts owing for directors salaries at 30 June 2016. Refer Note 12 for Amounts owing for director fees at 30 June 2016.

Equity transaction costs

During the year ended 30 June 2016, $165,000 (GST inclusive) was incurred by the Company for equity transaction costs for share issue services provided by a shareholder entity which is related to a director. The transaction was provided on an arms-length basis. The amount was settled by way of a share issue offset.

During the year ended 30 June 2016, $25,000 (GST inclusive) was incurred by the Company for equity transaction costs for share issue services provided by a non-director related shareholder entity. The transaction was provided on an arms-length basis. The amount was settled by way of share issue offset.

Refer Note 15(a).

Share-based payments

Refer Note 17(c).

(b) Transactions and balances within wholly-owned group

Refer Note 16 for the list of subsidiaries.

At 30 June 2016, the Company has a current receivable of $2,056,703 (30 June 2015: $1,443,406) from its subsidiary, Ratemyagent.com Pty Ltd. Refer Note 22. The receivable at 30 June 2016 arose from cash and non-cash equity transactions in the Company and other intercompany transfers. The receivable at 30 June 2015 arose from cash and non-cash equity transactions in the Company.

At 30 June 2016, the Company has a current payable owing to its subsidiaries of $600 (30 June 2015: $600) relating to its investments in subsidiaries. Refer Note 22.

17. Related parties (continued)

(c) Other related party transactions

Share-based payments

Refer Note 6 for details of share-based payments during the year ended 30 June 2015. There were no share-based payments in the year ended 30 June 2016.

Share-based payment expense for the year ended 30 June 2015 in respect of shareholder entities which are related to key management personnel amounted to $5,742,446.

Share-based payment expense for the year ended 30 June 2015 in respect of shareholder entities which are not related to key management personnel amounted to $1,914,149.

Other share issuances to related parties

Refer to Note 14. In the year ended 30 June 2015, 600,000 shares were issued to existing shareholders on 27 October 2014 for nil consideration. 1,100,000 shares and 900,000 bonus shares were issued to a new shareholder on 27 November 2014.

On 21 April 2016, 1,047,333 shares were issued to existing shareholders for cash of $785,500.

18. Reconciliation of cash flows (used in) operating activities

	2016 $	2015 $
Cash flows (used in) operating activities		
(Loss)	(1,517,622)	(8,655,530)
Adjustments for:		
Depreciation	3,990	1,250
Non-cash charges	310,000	279,825
Share based payment expense	-	7,656,594
	(1,203,632)	(717,861)
Change in trade and other receivables	(40,609)	(8,626)
Change in tax receivable	263,498	(263,498)
Change in trade and other payables	335,032	37,358
Change in employee benefits	(52,316)	144,668
Change in deferred income/revenue	43,572	11,586
Net cash (used in) operating activities	(654,455)	(796,373)

19. Subsequent events

Subsequent to reporting date, Digital Castle LLC, a controlled entity of the Company, was formed on 14 July 2016. Refer Note 16.

Apart from the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

20. Auditors' remuneration

	2016 $	2015
Auditors of the Company - KPMG		
Audit services		
Audit of financial statements	15,000	8,000
Other services		
Assistance with compilation of financial statements	6,667	6,667
Taxation services	36,900	-
	58,567	14,667

21. Financial instruments

A. Accounting classifications and fair values

(i) Financial assets not measured at fair value – 2016 and 2015

The cash and cash equivalents (Note 9) and the trade and other receivables (Note 10) are classified as loans and receivables. Their fair values approximate their book values.

(ii) Financial liabilities not measured at fair value – 2016 and 2015

The trade and other payables (Note 12) are classified as Other financial liabilities. Their fair values approximate their book values.

B. Measurement of fair values

(i) Financial instruments not measured at fair value – 2015 and 2014

The discounted cash flows valuation model considers the present value of the expected payment, discounted using a risk-adjusted discount rate.

C. Financial risk management

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered. The Group's review includes external ratings, if they are available. Refer Note 10 for trade and other receivables where all amounts past due are provided for.

21. Financial instruments (continued)

C. Financial risk management (continued)

(ii) Credit risk (continued)

Cash and cash equivalents

Refer Note 9. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A to Aaa based on rating agency Moody's ratings.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The remaining contractual maturities of financial liabilities at reporting date are their carrying values and due within 6 months or less.

(iv) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which revenue and expenses are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies is primarily the Australian dollar (AUD) and US dollar (USD). The Group's functional currency during the year ended 30 June 2016 and 2015 was predominantly AUD. There were no foreign currency balances at 30 June 2016 and 30 June 2015.

Interest rate risk

Exposure to interest rate risk

The interest profile of the Group's fixed-rate financial assets is stated in Note 9(b). A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit and loss by $6,395.

22. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2016, the parent entity of the Group was Digital Castle Pty Ltd.

	2016 $	2015 $
Result of parent entity		
Profit/ (Loss) for the year	23,859	(7,656,594)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	23,859	(7,656,594)
Financial position of parent entity at year end		
Current assets - receivable from subsidiary, Ratemyagent.com Pty Ltd	2,056,703	1,443,406
- other	4,237,839	-
	6,294,542	1,443,406
Total assets	6,295,142	1,444,006
Current liabilities – owing to subsidiaries	600	600
Total liabilities	600	600
Total equity of parent entity comprising of:		
Share capital	6,270,683	1,443,406
Retained earnings / (accumulated losses)	(7,632,735)	(7,656,594)
Share based payment reserve	7,656,594	7,656,594
Total equity	6,294,542	1,443,406

There were no contractual commitments or contingent liabilities by the parent entity at the end of the financial year (2015: $nil).

Digital Castle Pty Ltd and its controlled entities

Directors' Declaration

for the year ended 30 June 2016

1. In the opinion of the directors of Digital Castle Pty Ltd ('the Company'):

   (a) the consolidated financial statements and notes that are set out on pages 8 to 31, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as 30 June 2016 and of its performance for the financial year ended 30 June 2016; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

2. The directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of directors:

David Williams Director	Mark Armstrong Director

Dated at Melbourne this 20th day of March 2017.

Independent audit report to the members of Digital Castle Pty Ltd

We have audited the accompanying financial report of Digital Castle Pty Ltd (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 22 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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 and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

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. These Auditing Standards require that we 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. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

KPMG

Independent audit report to the members of Digital Castle Pty Ltd (continued)

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Digital Castle Pty Ltd and its controlled entities is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended 30 June 2016; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

KPMG

KPMG

Tony Batsakis
Partner
Melbourne

20 March 2017