



**MONTECH HOLDINGS LIMITED
AND ITS CONTROLLED ENTITIES
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015**

ABN: 94 050 240 330

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CORPORATE DIRECTORY

Board of Directors

Mr David Shein	Non Executive Chairman
Ms Nicola Page	Executive Director and Chief Executive Officer
Mr Joe D'Addio	Executive Director and Chief Operating Officer
Mr Scott McPherson	Executive Director and Director of Solutions
Mr Joseph Fridman	Non Executive Director
Mr Jonathan Pager	Non Executive Director
Mr Michael Pollak	Non Executive Director

Company Secretaries

Andrew Whitten
Brad Cohen

Auditors

Stantons International Audit and Consulting Pty Ltd
Level 2, 1 Walker Avenue
West Perth WA 6005

Solicitors

Whittens & McKeough Pty Ltd
Level 5, 137 – 139 Bathurst Street
Sydney NSW 2000

Bankers

Westpac Banking Corporation
94 Church Street
Middle Brighton VIC 3186

St George Bank
Locked Bag 1
Kogarah NSW 1485

Registered Office

Level 5, 137 – 139 Bathurst Street,
Sydney NSW 2000
Phone +61 2 8072 1400
Fax +61 2 9283 1970

Share Registry

Link Market Services Limited
Level 4 Central Park 152 St Georges Terrace
PERTH WA 6000
Investor Enquiries: 1300 554 474
Facsimile: +61 2 9287 0303

Stock Exchange Listing

Securities of Montech Holdings Limited are listed on the Australian Securities Exchange (ASX).
ASX Code: MOQ (previously SIU)

Website

www.MOQ.com.au

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the “**Group**”) consisting of Montech Holding Limited (“**Company**”) and its controlled entities for the financial year ended 30 June 2015. The information in the preceding operating and financial review forms part of this directors’ report for the financial year ended 30 June 2015 and is to be read in conjunction with the following information.

General Information

Officers and Directors

The names and particulars of the Directors during or since the end of the financial year are:

Name	Particulars
Mr David Shein	Non Executive Chairman
Ms Nicola Page ⁽¹⁾	Executive Director and Chief Executive Officer
Mr Joe D’Addio ⁽¹⁾	Executive Director and Chief Operating Officer
Mr Scott McPherson ⁽¹⁾	Executive Director and Director of Solutions
Mr Joseph Fridman	Non Executive Director
Mr Jonathan Pager	Non Executive Director
Mr Michael Pollak	Non Executive Director

⁽¹⁾ Nicola Page, Joe D’Addio and Scott McPherson were appointed to the Board on 29 May 2015.

The above named Directors held office during and since the financial year, except as otherwise indicated.

Particulars of each director’s experience and qualifications are set out later in this report.

Meetings of Directors

During the financial year, 4 meetings of directors (including committees of directors) were held:

Director	Board Member Since	Eligible	Attended
Mr David Shein	17 February 2014	4	4
Ms Nicola Page	29 May 2015	3	3
Mr Joe D’Addio	29 May 2015	3	2
Mr Scott McPherson	29 May 2015	3	3
Mr Joseph Fridman	17 February 2014	4	4
Mr Jonathan Pager	17 February 2014	4	4
Mr Michael Pollak	17 February 2014	4	4

Information Relating to Directors and Company Secretaries

David Shein

David established Com Tech Communications with \$10,000 capital, and built it up to annual revenues of \$700m, profits of \$40m and 1,400 employees in 2001 when it was acquired by Dimension Data. During his tenure, Com Tech was voted the second best company to work for in Australia and the bulk of the management team recruited by David remains in place at the company. Over the past 10 years, David has been involved in investing in and managing a number of start-up and early stage technology companies, many of which have been successfully exited. Most recently he was Chairman and founding investor of Macromatix, a provider of specialist cloud based retail software solutions with offices in Australia and US. Macromatix was sold to US based TPG Ventures in 2012. David actively mentors management teams including his role as Non-Executive Chairman of Centric Wealth which was owned by CHAMP Private Equity and recently successfully sold to Findex. Some of the other companies that David mentors and where he has an investment include Pocketbook, ShopReply, Clipp, Assetic, OneBigSwitch, ZipMoney, RangeMe, Admyt and OurCrowd. David is involved in building companies that are genuinely committed to customer and staff satisfaction.

DIRECTORS' REPORT (CONT.)

Interests in shares and options:	40,833,334 fully paid ordinary shares
Other current directorships:	None
Former Directorships in last three years:	None
Special responsibilities:	None

Michael Pollak (Non-Executive Director)

Michael holds a bachelor of Commerce, is a chartered accountant and has an MBA in strategy from the Australian Graduate School of Management. Michael commenced his career at PricewaterhouseCoopers over 15 years ago. Michael has gained valuable experience in both Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including financial services, professional services, retail, mining and manufacturing. Michael is currently a director of ASX-listed HJB Corporation Limited (ASX:HJB) and UCW Limited (ASX:UCW), and was previously a director of Rhippe Limited (ASX:RHP), Disruptive Investment Group Limited (ASX:DVI), Prospect Resources Limited (ASX:PSC) and Metalicity Limited (ASX:MCT), being companies he previously recapitalised. In addition to these, Michael has been involved in the restructuring, recapitalisation and re-listing of a number of other ASX listed entities.

Interests in shares and options:	19,800,000 fully paid ordinary shares; and 9,000,000 unlisted options exercisable at \$0.01 per option on or before 30 June 2017.
Other current directorships:	HJB Corporation Limited (Non-Executive Director) UCW Limited (Non-Executive Director)
Former Directorships in last three years:	Disruptive Investment Group Limited (Non-executive director) Rhippe Limited (Non-Executive Director) Prospect Resources Limited (Non-Executive Director) Meticity Limited (Non-Executive Director)
Special responsibilities:	Member of Audit and Risk Committee

Joseph Fridman

Joseph is the co-founder and Chief Executive Officer of Monash Private Capital Pty Limited, a Sydney based independent principal investment and advisory firm. Prior to establishing Monash Private Capital, Joey was Chief Financial Officer of Investec Bank Australia and Chairman of the bank's Investment Committee. With a career spanning audit, investment banking and executive financial management, Joey brings a comprehensive mix of financial, strategic, operational, risk management and commercial skills and experience. Joey is a Chartered Accountant and has an M.B.A. from the Australian Graduate School of Management.

Interests in shares and options:	182,283,334 fully paid ordinary shares
Other current directorships:	None
Former Directorships in last three years:	None
Special responsibilities:	None

Jonathan Pager (Non-Executive Director)

Jonathan has over 20 years' experience as an adviser across a wide range of industries in Australia and overseas and is currently Managing Director of Pager Partners Business Consultants and Pager Partners Corporate Advisory. He has a Masters of Economics and qualified as a chartered accountant with Deloitte, where he commenced his career. Jonathan has recapitalised and built several ASX-listed companies across both the resources and industrial sectors. He is currently a director of UCW Limited (ASX:UCW) and was more recently a director of AHAlife Holdings Limited (ASX: AHL), Rhippe Limited (ASX:RHP), Metalicity Limited (ASX:MCT) and Prospect Resources Limited (ASX:PSC).

DIRECTORS' REPORT (CONT.)

Interests in shares and options:	7,450,000 fully paid ordinary shares; and 2,500,000 unlisted options exercisable at \$0.01 per option on or before 30 June 2017
Other current directorships:	None
Former Directorships in last three years:	Ahalife Holdings Limited (Finance Director) Rhipe Limited (Non-Executive Director) Metalicity Limited (Non-Executive Director) Prospect Resources Limited (Non-executive director)
Special responsibilities:	Member of Audit and Risk Committee

Nicola (Nicki) Page

Nicki has over 20 years in the IT industry in both the UK and Australia originally as a Computer systems and network-ing engineer. She was appointed as a Director and Chief Executive Officer of Breeze in 2012, having joined Breeze in 2009 as a Business Development Manager. With a background in Technical and Sales with companies such as KAZ Computing and Microsoft, she spearheaded efforts to develop a sales and marketing strategy and business capability for Breeze, as the business transitioned from a traditional services company to a cloud solutions & products business. Nicki was recently awarded in the industry as the 2014 ARN Women in ICT Entrepreneur of the year.

Interests in shares and options:	70,833,333 fully paid ordinary shares
Other current directorships:	None
Former Directorships in last three years:	None
Special responsibilities:	Chief Executive Officer

Joe D'Addio

Joe was a co-founder and Director of Tech Effect. Joe has over 35 years' experience in the IT industry, with a particular focus on areas of professional services, system and network engineering and technology consulting. Over the last 20 years, he has held a number of key management and director positions, building and leading businesses in the IT industry, specifically with Com Tech Communications and Dimension Data.

Interests in shares and options:	176,559,780 fully paid ordinary shares
Other current directorships:	None
Former Directorships in last three years:	None
Special responsibilities:	Chief Operating Officer, Member of Audit and Risk Committee

Scott McPherson

Scott was a co-founder and Director of Tech Effect. Since forming the company in 2005, Tech Effect grew from providing Infrastructure related Integration Services, to offering Consulting and Managed Services to assist their clients to overcome both business and technical ICT related challenges.

Scott's position draws upon more than two decades of industry experience where he has worked for iconic market leaders Com Tech Communications and Dimension Data. During this time, Scott has honed his engineering, management and people skills to create a customer-centric organisation that develops solutions that solve real business problems. These traits contributed to building Tech Effect into the successful, highly respected organisation. As the business grow, Scott's responsibilities evolved to focus on managing the Integration Services Practice, along with setting the vision and go to market strategy for the 'Cloud World'. Scott's technology career started at Queensland University of Technology where he studied for his Bachelor of Business degree in Information Management.

Interests in shares and options:	176,559,780 fully paid ordinary shares
Other current directorships:	None
Former Directorships in last three years:	None
Special responsibilities:	Director of Solutions

DIRECTORS' REPORT (CONT.)

Andrew Whitten (Joint Company Secretary)

Appointed 17 February 2014

Andrew is an admitted solicitor with a specialty in Corporate Finance and Securities law and is a solicitor Director of Whittens & McKeough Pty Ltd. Andrew is currently the company secretary of a number of publicly listed companies. He has been involved in a number of corporate and investment transactions including IPOs on the ASX and NSX, corporate reconstructions, reverse mergers and takeovers.

Andrew holds a Bachelor of Arts (Economics UNSW); Master of Laws and Legal Practice (Corporate Finance and Securities Law-UTS); Graduate Diploma in Applied Corporate Governance from the Governance Institute and is an elected Associate of that Institute. Andrew is also a Public Notary.

Brad Cohen (Joint Company Secretary)

Appointed 7 August 2015

Brad also acts as the Corporate Development Manager for Montech Holdings Limited.

Prior to joining Montech Holdings Limited, Brad worked at OurCrowd LLC where he was an investment professional focusing on Venture Capital investments. Previously, Brad worked in commercial transaction roles and began his career as a management consultant at KPMG.

Brad is a qualified Chartered Accountant and holds a Bachelor of Commerce-Accounting and a Bachelor of Laws from Macquarie University, Sydney.

Principal Activities

The Group principal activities were the provision of group ownership, strategy and oversight over a number of software and service enterprises.

Operating and Financial Review

On 16 July 2014, the Company issued 300,000,000 fully paid ordinary shares, and 75,000,000 unlisted options raising in total \$1,876,875 in capital. The funds were raised to recapitalise and restructure the Company. Following the recapitalisation, the Company was reinstated to the ASX Official List on 25 July 2014 as Montech Holdings Limited ("Montech").

On 3 October 2014 binding heads of agreements were signed to acquire 100% of two leading Cloud focused software and services businesses – MOQdigital Pty Ltd formerly Technology Effect Pty Ltd ("Tech Effect") and Breeze Training Pty Ltd ("Breeze"). On 17 April 2015 the Company issued a replacement prospectus to raise \$4,300,000, which closed fully subscribed on 6 May 2015. Following completion of the capital raising and satisfaction/waiver of all condition precedents, the Board of the Company advised that it had acquired 100% of the shares of Tech Effect and Breeze on 29 May 2015.

The Company was officially reinstated to the Official List of the ASX on 3 June 2015 following compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX Listing Rules.

As such, the 30 June 2015 results announced above comprise of 1 month's (29 May 2015 to 30 June 2015) trading of the acquired subsidiaries, Tech Effect and Breeze, and twelve months' trading of the Montech Holdings parent company.

DIRECTORS' REPORT (CONT.)

The acquisition of Tech Effect and Breeze were funded by a combination of a cash payment and shares issued in Montech. Goodwill is recognised on acquisition, being the excess of the cost of acquisition over the net assets acquired. The Board has taken a conservative view and decided to impair goodwill in full at the financial year end. As such the 2015 consolidated financial year loss after tax of \$17,330,125 (2014: profit of \$3,219,502) comprises impairment of goodwill, intellectual property and plant and equipment totalling \$16,417,003. Breeze and Tech Effect together incurred \$257,121 transaction related costs. After these costs, Breeze and Tech Effect show trading profit before tax for the month ended 30 June 2015 of \$352 and \$19,593 respectively.

The Company's net profit after tax in 2014 was \$3,219,502, which included \$3,406,349 profit from discontinued operations and \$186,847 loss from continuing operations after tax.

In its first and only month of operation as a merged company, June 2015, MOQdigital, (comprising the Tech Effect and Breeze businesses) recorded revenue of \$3,106,176.

Our Business Model and Objectives

The Company's strategy is to develop, build and acquire complementary Cloud focused technology businesses. The Directors of the Company have extensive experience and a proven track record in acquiring and building businesses, and providing strategic direction, in order to generate long term sustainable returns for shareholders. The Company is actively pursuing suitable growth opportunities by either organic investment or through synergistic acquisitions in the technology sector.

In July 2015, the acquired businesses, Tech Effect and Breeze, commenced operating under the new brand "MOQdigital". MOQdigital offers a combination of Consulting, Integration and Managed Services in Information & Communication Technology ("ICT"), assisting enterprise clients to derive business benefit and positive outcomes from technology initiatives, especially those clients focused on utilising Cloud Services and Solutions.

The MOQdigital strategy and objectives include:

- Investment in the organic growth of MOQdigital and a build out of capability in the New South Wales and Queensland markets;
- Continued and increased focus on the growth of Managed Services and a range of recurring revenue streams;
- Market differentiation through continued investment and development of in-house products, tools and applications; and
- Growth via strategic acquisitions.

Significant Changes in State of Affairs

The Company was officially reinstated to the Official List of the ASX on 3 June 2015 following compliance with listing rule 11.1.3 and chapters 1 and 2 of the ASX Listing Rules. There are no other significant changes in the state of affairs of the group, other than the acquisitions of MOQdigital (formerly Tech Effect) and Breeze as detailed in note 34 which resulted in a significant change in the Company's consolidated total assets, equity interests, revenue and profit and thus the scale of the Company's activities.

Dividends Paid or Recommended

In respect of the current year, no dividends have been declared or paid and none are recommended (2014: \$nil).

Significant Events after the Reporting Period

There have been no significant events arising after the reporting date.

Likely developments and expected results

DIRECTORS' REPORT (CONT.)

Disclosure of information regarding likely developments in the operations of the group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Incomplete records

The management and affairs of the Company and all its controlled entity were not under the control of the Directors of the Group since it entered into voluntary administration on 30 August 2013 until the date the Deed of Company Arrangement ("DoCA") effectuated, being 16 May 2014.

The financial report was prepared by Directors who were not in office at the time the Group entered voluntary administration or for the full periods presented in this report. The Directors who prepared this financial report were appointed on or after 17 February 2014 as part of the recapitalisation proposal approved by the Company's creditors and shareholders.

As a result, the financial information relating to the 30 June 2014 financial report was not subject to the same accounting and internal control processes, which includes the implementation and maintenance of internal controls that, are relevant to the preparation and fair presentation of the financial report. Furthermore, it has not been possible for the Directors to obtain all of the books and records of the Company for the period up to 16 May 2014, being the date that the DoCA effectuated and control of the Company passed over to the Directors. Whilst the books and records of the Company have been reconstructed to the maximum extent possible, the Directors are unable to satisfy themselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report for the year ended 30 June 2014.

Consequently, the Directors are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*, because of the possible effect of this matter on the corresponding prior year figures.

Environmental Issues

There are no applicable environmental regulations that would have an effect on the Company.

Indemnifying Officers or Auditor

During the year, the Company paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

Proceeding on Behalf of 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 those proceedings.

The company was not a party to any such proceedings during the year.

Auditor

DIRECTORS' REPORT (CONT.)

Stantons International Audit and Consulting Pty Limited are the appointed auditors of the Company. The auditor has not been indemnified under any circumstance.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to a company associated with Stantons International for non-audit services provided to the Company during the year ended 30 June 2015:

	\$
Investigating Accountants Report	12,485
Total	12,485

In addition, and in relation to the acquisitions of Tech Effect and Breeze, Stantons International Audit and Consulting Pty Ltd were engaged to complete the audit of Breeze for 2 years at an agreed fee of \$22,520 (excluding GST) and the audit of Tech Effect for 2 years at an agreed fee of \$40,000 (excluding GST).

The following fees were paid or payable to a company associated with Stantons International for non-audit services provided to the Company during the year ended 30 June 2014:

	\$
Independent Experts Report	7,000
Total	7,000

The board of directors considers that there was no independence issue in the provision of these services.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 can be found on page 51 of the financial report.

Options

At the date of this report, the unissued ordinary shares of Montech Holdings Limited under option are as follows:

Grant Date	Balance at 30/06/2014	Balance at the date of this report	Exercise price	Expiry
16/07/2014	-	25,000,000	\$0.01	30/06/2017
21/11/2012	166,667	166,667	\$0.70	12/02/2016
21/11/2012	166,667	166,667	\$0.70	12/02/2017
21/11/2012	166,667	166,667	\$0.70	12/02/2018
TOTAL	500,001	25,500,001		

Option holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity. For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2015, the following ordinary shares of Montech Holdings Limited were issued on the exercise of options granted. No amounts are unpaid on any of the shares.

DIRECTORS' REPORT (CONT.)

Grant Date	Exercise Date	Exercise Price	Number of Shares Issued
16/07/2014	26/06/2015	\$0.01	46,666,668

Since the reporting date, the following options were exercised:

- 3 July 2015: 833,333 options with exercise price \$0.01
- 16 September 2015: 2,499,999 options with exercise price of \$0.01

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

REMUNERATION REPORT (AUDITED)

Remuneration Policy

The remuneration policy of Montech Holdings Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering performance incentives based on key performance areas affecting the consolidated group's financial results. The Board of Montech Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is to have the remuneration policy developed by the Board after professional advice is sought where appropriate from independent external consultants. No external advice was sought for the current financial year.

- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- The Board reviews KMP packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.
- Incentives paid in the form of options or rights are intended to align the interests of the KMP and the Group with those of the shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means. An incentive option plan was not in place during 2015, however one is being considered going forward.

The performance of KMP is measured against criteria agreed biannually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options.

KMP receive at a minimum, a superannuation guarantee contribution required by the government, which for the year ending 30 June 2015 was 9.50% of the individual's average weekly ordinary time earnings. KMP do not receive any retirement benefits. All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders. Currently, the maximum aggregate remuneration of non-executive directors is \$500,000.

REMUNERATION REPORT (AUDITED) (CONT.)

Performance-based Remuneration:

The KPIs are set annually, in consultation with KMP. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year. In determining whether or not a KPI has been achieved, the Board bases the assessment on the Company's performance using audited figures.

Remuneration Expense Details:

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated group:

Personnel	Year	Short-term benefits		Other pay-ments (2)	Post-employ-ment benefits Superannua-tion	Share based pay-ments	Total	Performance based per-centage of re-muneration
		Salary & fees	Cash Bonus					
Executive Directors								
Ms Nicola Page ⁽¹⁾	2015	16,667	-	-	1,565	-	18,232	-
Mr Joe D'Addio ⁽¹⁾	2015	16,667	-	-	1,565	-	18,232	-
Mr Scott McPherson ⁽¹⁾	2015	16,667	-	-	1,565	-	18,232	-
Non-executive Directors								
Mr David Shein	2015	27,397	-	37,508	6,166	-	71,071	-
	2014	10,134	-	-	937	-	11,071	-
Mr Joseph Fridman ⁽⁴⁾	2015	32,500	-	38,571	-	-	71,071	-
	2014	11,071	-	-	-	-	11,071	-
Mr Jonathan Pager	2015	32,500	25,000 ⁽³⁾	38,571	-	-	96,071	-
	2014	11,071	-	-	-	-	11,071	-
Mr Michael Pollak	2015	27,397	22,831 ⁽³⁾	37,508	8,335	-	96,071	-
	2014	10,134	-	-	937	-	11,071	-
Key Management								
Mr Matthew Goggin (Director Sales) ⁽¹⁾	2015	16,667	9,000	-	1,565	-	27,232	33%
Mr Mick Badran (CTO) ⁽¹⁾	2015	16,667	-	-	1,565	-	18,232	-
2015 Total		203,129	56,831	152,158	22,326	-	434,444	
2014 Total		42,410	-	-	1,874	-	44,284	

⁽¹⁾ Remuneration is from the date of appointment 29 May 2015 to 30 June 2015.

⁽²⁾ Each of the Directors appointed prior to the first material acquisition (David Shein, Joseph Fridman, Jonathan Pager and Michael Pollak) had agreed to receive 50% of their respective base salary up until the first material acquisition was made by the company. As such, 'Other payments' includes the lump sum payment of Director salaries that were held back until the first material acquisition.

⁽³⁾ Success fees paid on completion of acquisitions of Technology Effect Pty Ltd and Breeze Training Pty Ltd.

⁽⁴⁾ A \$100,000 success fee was paid to a related party of Joseph Fridman. Further information has been included under Related Party disclosures below

For the reasons further outlined in the Director's Report - Incomplete Records section, the Directors are unable to satisfy themselves as to the completeness of the financial records as well as the relevant comparative information for the year ended 30 June 2014 included in the table immediately above.

Service agreements (audited):

Agreements in place:

REMUNERATION REPORT (AUDITED) (CONT.)

The directors serve until they resign, are removed, cease to be a director or are prohibited from being a director under the provisions of the Corporations Act 2001, or are not re-elected to office.

Each of Mr Shein, Mr Fridman, Mr Pager and Mr Pollak were Directors on the Board from the beginning of the period and agreed to receive 50% of their respective base salary (\$60,000 inclusive of superannuation) up until the first material acquisition was made by the Company, at which time Directors were paid the outstanding base salary to ensure that each Director received 100% of their respective base salary for the period from the date of their appointment to the date of the acquisition. The remaining 50% of base salary that had been treated as a current liability, was paid out in this period following the first material transaction on 29 May 2015 (set out in the table above). From this date, 100% of their respective base salary was and is payable monthly. The directors are remunerated on a monthly basis with three months' termination payments payable.

Agreements in place after the completion of the acquisitions of MOQdigital (formerly Tech Effect) and Breeze:

Following completion of the acquisitions of MOQdigital (formerly Tech Effect) and Breeze on 29 May 2015, Ms Page, Mr D'Addio and Mr McPherson entered into new service agreements on the following terms:

- Base salary (including directors fees) of \$200,000 per annum (plus superannuation or similar contributions).
- Annual incentive payment of up to \$81,217 based on pre-determined key metrics.
- The Company may also, in its absolute discretion, provide a bonus, the value of which, the conditions attached to and the frequency of such a bonus, remain matters over which the Company exercises sole discretion.
- If the Company terminates the agreement with reason (such as gross misconduct, conviction of a major criminal offence or misuse of price sensitive information), the Company will provide the Director with no notice and will be summarily dismissed. If the Company terminates the agreement without reason (notwithstanding any other provision of the agreement), the Company will provide the Director with 3 months' written notice or make a payment of 3 months' salary in lieu of the notice period.
- The Director may terminate the agreement at his or her sole discretion and at any time, and in doing so is entitled to payment of a fee equivalent to 3 months of their base fees.
- After the termination of their employment with the Company and MOQdigital (formerly Tech Effect) or Breeze, the Director will be subject to a contractual restraint which may apply for up to 3 years after 29 May 2015 or 6 months after the termination (whichever is greater), and cover up to all of Australia.

Following completion of the acquisitions of MOQdigital (formerly Tech Effect) and Breeze on 29 May 2015, Key Management Personnel Mr Badran and Mr Goggin entered into new service agreements on the following terms:

- Base salary of \$200,000 per annum (plus superannuation or similar contributions).
- The Company may also, in its absolute discretion, provide a bonus, the value of which, the conditions attached to and the frequency of such a bonus, remain matters over which the Company exercises sole discretion.
- If the Company terminates the agreement with reason (such as gross misconduct, conviction of a major criminal offence or misuse of price sensitive information), the Company will provide the KMP with no notice and will be summarily dismissed. If the Company terminates the agreement without reason (notwithstanding any other provision of the agreement), the Company will provide the KMP with 3 months' written notice or make a payment of 3 months' salary in lieu of the notice period.
- The KMP may terminate the agreement at his or her sole discretion and at any time, and in doing so is entitled to payment of a fee equivalent to 3 months of their base fees.
- After the termination of their employment with the Company and MOQdigital (formerly Tech Effect) or Breeze, the KMP will be subject to a contractual restraint which may apply for up to 3 years after 29 May 2015 or 6 months after the termination (whichever is greater), and cover up to all of Australia.

Shareholding and option holding of directors and other key management personnel (audited)

Options held by Directors and Key Management Personnel

The number of options in the Company during the 2015 reporting period held by each of the Group's Directors and Key Management Personnel, including their related parties, is set out below:

REMUNERATION REPORT (AUDITED) (CONT.)

Personnel	Year ended 30 June 2015				
	Balance at the start of the year	Options acquired	Received as part of remuneration	Options exercised / disposed	Held at the end of reporting period
Ms Nicola Page	-		-	-	-
Mr Joe D'Addio	-		-	-	-
Mr Scott McPherson	-		-	-	-
Mr David Shein	-	8,333,334	-	(8,333,334)	-
Mr Joseph Fridman	-	38,333,334	-	(38,333,334)	-
Mr Jonathan Pager	-	2,500,000	-	-	2,500,000
Mr Michael Pollak	-	9,000,000	-	-	9,000,000
Mr Matthew Goggin	-		-	-	-
Mr Mick Badran	-		-	-	-

The current KMP did not hold any options at 30 June 2014.

Shares held by Directors and Key Management Personnel

The number of ordinary shares in the Company during the 2015 reporting period held by each of the Group's Key Management Personnel, including their related parties, is set out below:

Personnel	Year ended 30 June 2015					
	Balance at the start of the year	Received as part of remuneration	Other changes ⁽¹⁾	Acquired	Disposal	Held at the end of reporting period
Ms Nicola Page	-	-	70,833,333	-	-	70,833,334
Mr Joe D'Addio	-	-	176,559,780	-	-	176,559,780
Mr Scott McPherson	-	-	176,559,780	-	-	176,559,780
Mr David Shein	-	-	-	40,833,334 ⁽²⁾	-	40,833,334
Mr Joseph Fridman	-	-	-	182,283,334 ⁽³⁾	-	182,283,334
Mr Jonathan Pager	-	-	-	7,450,000	-	7,450,000
Mr Michael Pollak	-	-	-	19,800,000	-	19,800,000
Mr Matthew Goggin	-	-	88,279,890	-	-	88,279,890
Mr Mick Badran	-	-	70,833,334	-	-	70,833,334

⁽¹⁾ Shares issued as consideration as part of the acquisitions of Technology Effect Pty Ltd and Breeze Training Pty Ltd, per the prospectus dated 17 April 2015.

⁽²⁾ Includes 8,333,334 Shares issued for options exercised.

⁽³⁾ Includes 38,333,334 Shares issued for options exercised.

The number of (post consolidation) shares and options held by directors and other key management personnel at 30 June 2014, is set out below:

Directors	Year ended 30 June 2014			
	Balance at the start of the year	Acquired during the year	Other changes ⁽¹⁾	Held at the end of reporting period
Ordinary Shares				
Mr Rajiv Parrab	22,568,866	-	(21,440,423)	1,128,443
Mr David Mandel	17,092,050	-	(16,237,448)	854,602
Options				
Mr Rajiv Parrab	2,953,100	-	(2,805,445)	147,655
Mr David Mandel	6,278,479	-	(5,964,555)	313,924

⁽¹⁾ 20:1 consolidation

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

REMUNERATION REPORT (AUDITED) (CONT.)

Loans to KMP

No loans have been made to KMP during, or since, the year ended 30 June 2015.


Other transactions with KMP or their related parties

Related party transactions included:

- Advisory fee of \$100,000 to MPC Strategic Solutions Pty Ltd (an entity related to Monash Private Capital Pty Ltd and Director, Joseph Fridman);
- Receipt of \$90,000 in settlement of the transaction of Breeze Training Pty Ltd (an entity related to Director Nicki Page) to the Group; and
- Repayment of a \$500,000 syndicate loan (the Syndicate was headed by Pager Partners, an entity related to Jonathan Pager). The loan was settled with \$111,929 in cash and \$388,071 in equity.

There were no other transactions conducted between the Group and KMP or their related parties during, or since, the year ended 30 June 2015.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



David Shein
Non-Executive Chairman
29 September 2015

STATEMENT OF CORPORATE GOVERNANCE

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Montech Holdings Limited and its Group have adopted the third edition of the Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council on 27 March 2014 and became effective for financial years beginning on or after 1 July 2014.

The Group's current Corporate Governance Statement for this reporting period is available on Montech Holdings Limited's website at www.moq.com.au/corporate-governance/

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Continuing operations			
Revenue			
Revenue	6(a)	3,116,635	5,000
Other income	6(b)	373,746	1,150
Total Revenue		3,490,381	6,150
Cost of sales	7	(2,444,678)	-
Gross Profit		1,045,703	6,150
Expenses			
Depreciation expenses	7	(9,048)	(10,208)
Directors and Related Party's Remuneration		(493,663)	-
Employee benefits	7	(329,627)	(44,286)
Legal costs	7	(233,843)	(79,778)
ASX and registry related expenses		(142,875)	-
Marketing expense		(68,492)	(2,000)
Occupancy expenses		(16,690)	-
Professional fees	7	(466,379)	(40,125)
Telecommunication carrier expenses		(22,182)	-
Other expenses		(264,180)	(16,600)
Total expenses		(2,046,979)	(192,997)
(Loss) from continuing operations before impairment		(1,001,276)	(186,847)
Impairment of Goodwill	8	(16,348,780)	-
Impairment of Intellectual Property	8	(63,636)	-
Impairment of Property, Plant and Equipment	8	(4,587)	-
(Loss) from continuing operations before income tax expense		(17,418,279)	(186,847)
Income tax credit	9	88,154	-
(Loss) from continuing operations after income tax		(17,330,125)	(186,847)
Discontinued operations			
Profit from discontinued operations after tax		-	3,406,349
Net profit attributable to members of the Company		-	3,219,502
Other comprehensive income for the year			
Other comprehensive income		-	-
Total comprehensive (loss) / income for the year		(17,330,125)	3,219,502

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
(Loss) / profit is attributable to			
Montech Holdings Limited		(17,330,125)	3,219,502
		<u>(17,330,125)</u>	<u>3,219,502</u>
Total comprehensive (loss) / income is attributable to			
Montech Holdings Limited		(17,330,125)	3,219,502
		<u>(17,330,125)</u>	<u>3,219,502</u>
Earnings / (loss) per share from continuing operations attributable to equity holders of the parent entity			
Basic (loss) / earnings per share (cents per share)			
- Continuing operations	31	(4.80)	(1.21)
- Discontinuing operations	31		22.10
		<u>(4.80)</u>	<u>20.89</u>
Diluted (loss) / earnings per share (cents per share)			
- Continuing operations	31	(4.80)	0.00
- Discontinuing operations	31	-	3.77
		<u>(4.80)</u>	<u>3.77</u>

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

MONTECH HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	2015 \$	2014 \$
Current Assets			
Cash and cash equivalents	10	2,722,299	857,995
Trade and other receivables	11	3,026,309	13,217
Work In Progress	12	146,845	-
Other assets	13	177,757	-
		<u>6,073,210</u>	<u>871,212</u>
Non Current Assets			
Deferred tax assets	14	267,165	-
Property plant and equipment	15	94,451	4,587
Intangibles	16	-	63,636
		<u>361,616</u>	<u>68,223</u>
Total assets		<u>6,434,826</u>	<u>939,435</u>
Current Liabilities			
Trade and other payables	17	3,692,872	206,181
Deferred revenue	18	294,569	-
Syndicate loan	19	-	500,000
Funds held in trust for equity to be issued	20	-	851,879
Provisions	21	722,574	-
		<u>4,710,015</u>	<u>1,558,060</u>
Non - Current Liabilities			
Deferred revenue	18	14,325	-
Total Liabilities		<u>4,724,340</u>	<u>1,558,060</u>
Net Assets / (Deficiency)		<u>1,710,486</u>	<u>(618,625)</u>
Equity			
Issued capital	22(a)	33,285,143	13,636,115
Shares to be issued	22(b)	8,333	-
Reserves	23	8,665	6,790
Accumulated losses	24	(31,591,655)	(14,261,530)
Total Equity / (Deficiency)		<u>1,710,486</u>	<u>(618,625)</u>

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

MONTECH HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015
ABN: 94 050 240 330

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital	Shares to be Issued	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance as at 1 July 2014	13,636,115	-	6,790	(14,261,530)	(618,625)
Net (loss) for the year	-	-	-	(17,330,125)	(17,330,125)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(17,330,125)	(17,330,125)
Transactions with owners in their capacity as owners	-	-	-	-	-
Issue of share capital	19,782,456	-	-	-	19,782,456
Shares to be issued	-	8,333	-	-	8,333
Option Premium Reserve	-	-	1,875	-	1,875
Capital raising costs	(133,428)	-	-	-	(133,428)
Balance as at 30 June 2015	33,285,143	8,333	8,665	(31,591,655)	1,710,486
Balance as at 1 July 2013	13,636,115	-	6,790	(17,481,032)	(3,838,127)
Net profit for the year	-	-	-	3,219,502	3,219,502
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,219,502	3,219,502
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance as at 30 June 2014	13,636,115	-	6,790	(14,261,530)	(618,625)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Cash flow from operating activities			
Receipts from customers		2,763,591	1,675,464
Payments to suppliers and employees		(4,207,981)	(3,224,806)
Interest received		27,543	-
Income taxes received		346,203	-
Net cash (used in) by operating activities	33	(1,070,644)	(1,549,342)
Cash flow from investing activities			
Payment for property plant and equipment		(19,134)	(1,043)
Proceeds from sale of InfoMaster		-	860,384
Proceeds on sale of property plant and equipment		-	20,039
Acquisition of subsidiaries	34	(2,342,874)	-
Net cash generated by / (used in) investing activities		(2,362,008)	879,380
Cash flow from financing activities			
Proceeds from issue of shares		5,411,925	-
Share issued costs		(93,040)	-
Loans to related parties		(111,929)	-
Proceeds from related parties		90,000	-
Proceeds from syndicate loan		-	500,000
Funds held in trust for equity to be issued		-	851,879
Net cash provided by financing activities		5,296,956	1,351,879
Net increase in cash and cash equivalents		1,864,304	681,917
Cash and cash equivalents at beginning of year		857,995	176,078
Cash and cash equivalents at end of year		<u>2,722,299</u>	<u>857,995</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements cover Montech Holdings Limited (“Company or “parent entity”) and its controlled entity as a consolidated entity (also referred to as “the Group”). Montech Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity and is primarily involved in the information technology industry being the field of software and services.

The separate financial statements of the parent entity, Montech Holdings Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The consolidated financial statements were authorised for issue by the Board of Directors on 29 September 2015.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law where possible (refer to note 1(b) below).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (‘IFRS’). It is recommended that this financial report be read in conjunction with the public announcements made by Montech Holdings Limited during the year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

The financial report has been prepared on the historical cost basis.

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current year. When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed. Refer to note 1(b) below regarding incomplete records and the potential impact on comparative figures.

(b) Incomplete records (with respect to the prior year)

The management and affairs of the Company and all its controlled entity have not been under the control of the Directors of the Group since it entered into voluntary administration on 30 August 2013 until the date the Deed of Company Arrangement (“DoCA”) effectuated, being 16 May 2014.

The financial report was prepared by Directors who were not in office at the time the Group entered voluntary administration or for the full periods presented in this report. The Directors who prepared this financial report were appointed on 17 February 2014 as part of the recapitalisation proposal approved by the Company’s creditors and shareholders.

As a result, the financial information relating to the 30 June 2014 financial report was not subject to the same accounting and internal control processes, which includes the implementation and maintenance of internal controls that, are relevant to the preparation and fair presentation of the financial report. Furthermore, it has not been possible for the Directors to obtain all of the books and records of the Company for the period up to 16 May 2014, being the date that the DoCA effectuated and control of the Company passed over to the Directors. Whilst the books and records of the Company have been reconstructed to the maximum extent possible, the Directors are unable to satisfy themselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report for the year ended 30 June 2014.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Consequently, the Directors are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*, because of the possible effect of this matter on the corresponding prior year figures.

(c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(d) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

(e) Critical accounting estimates

The preparation of the financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Montech Holdings Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent 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. A list of the subsidiaries is provided in Note 36.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(g) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa;
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(h) Income tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

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

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Deferred income tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(i) Tax Consolidation Legislation

The Company and its Australian wholly owned subsidiaries have formed an income tax consolidated group under the tax consolidation legislation for the whole of the financial year. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The Group notified the Australian tax Office it had formed an income tax consolidated group to apply from 1 June 2015. The tax consolidated group has entered a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(j) Plant and equipment

Each class of plant and equipment is carried at cost less any applicable accumulated depreciation and any accumulated impairment losses. Plant and equipment is measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

The depreciated amount of all fixed assets including capitalised leased assets is depreciated on a straight line basis over their useful lives commencing from the time the asset is held ready for use.

The expected useful life of plant and equipment ranges from 3 to 15 years.

The assets' residual values and useful life are reviewed at the balances date. The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included net in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	2–5%
Plant and Equipment	13.33 – 66.67%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(k) Leases

At inception of an arrangement, the Group determines whether such an arrangement is, or contains, a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception, or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Leases reclassified at their inception as either operating or finance leases based on the economic substance of the arrangement so as to reflect the risks and benefits incidental to ownership.

Lease of fixed assets where substantially all the risks and rewards incidental to the ownership of the asset, but not the legal ownership, are transferred to the entity are classified as finance leases. Finance lease are capitalised by recording an asset and a liability equal to the fair value of the leased property or the present value of the minimum lease payments including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the Statement of Profit or Loss and Other Comprehensive Income. Lease assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Lease payments for operating leases where substantially all the risks and benefits remain with the lessor are recognised as an expense in the year in which they are incurred. Lease incentives received under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(l) Financial instruments

The Group initially recognises financial assets on the trade date at which the Group becomes a party to a contractual provision of the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Financial assets are initially measured at cost. If the financial asset is not subsequently measured at fair value through profit or loss, the initial measurement includes transaction costs that are directly attributed to the asset's acquisition. The Group subsequently measures financial assets at either amortised costs or fair value.

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

- The asset is held with an objective to collect cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets other than those classified as financial assets measured at amortised costs are subsequently measured at fair value with all changes in fair value recognised in profit or loss.

All financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payment and amortisation.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and financial liabilities are offset when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the assets and settle the liability simultaneously.

(m) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have occurred after the initial recognition of the asset and that the loss event has a negative effect on the estimated future cash flows of that assets which can be estimated reliably.

The Group considers evidence of impairment for receivables at both a specific and collective level. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

(n) Impairment of non-financial assets

Intangible assets are tested annually for impairment or more frequently if changes in circumstances indicate that they might be impaired.

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current marked assessment of the time value of money and the risks specific to the asset.

(o) Intangible assets

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Fair value is assessed based on the income streams generated from customer contracts after allowing for cost specific to the generation of those income streams. In the assessment of the carrying value of the intangible assets costs not related to the generation of the contract related income streams were excluded. These intangibles are separate from the business to which they relate and have been assessed on this basis. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which at present are 7.5 years.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Software acquired as part of a business combination is recognised separately from goodwill. The software is carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which at present are 4 years.

(p) Share capital

Ordinary share are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax.

If the entity reacquires its own equity instruments, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable costs net of any taxes is recognised directly in equity.

(q) Foreign currency transactions and balances

The functional currency of each entity in the consolidated entity is measured using the currency of the primary economic environment in which that consolidated entity operates. The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated using the spot rate at the end of the financial year. Non monetary items measured at historical cost continue to be carried at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined. Material exchange differences arising on the translation of monetary items are recognised in profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge. Material exchange differences arising on the translation of non monetary items are recognised in equity to the extent that the gain or loss is directly recognised in equity otherwise the exchange is recognised in profit or loss.

(r) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, and annual leave, including non monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other payables, in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled, on an undiscounted basis.

Liabilities for non accumulating sick leave are recognised when the leave is taken and measure at the rates paid or payable.

Long service leave

The liability for long service leave and annual leave which is not expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made for services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible the estimated future cash outflows.

Termination benefits

Termination benefits are payable when employments are terminated before the normal retirement date, or when the employee accepts voluntary redundancy in exchange for these benefits.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(t) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, deposits held on call with banks, other short term highly liquid investments with an original maturity date of three months or less held and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in Statement of Financial Position.

(u) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue for maintenance contracts is recognised in equal amounts over the period for which support is to be provided to a customer, either quarterly or annually.

Revenue from hardware sales is recognised upon delivery of the product to the customer.

Revenue from consulting services is recognised in the accounting period in which the services are rendered. For time and materials contracts, revenue is recognised as the service is rendered.

Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Revenue from other services is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(w) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations.

(x) Trade and other receivables

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

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(y) Work in progress

Work in progress is stated as the aggregate of costs incurred to date plus recognised profits less recognised losses and progress billings. Cost includes all costs directly related to specific contracts, and an allocation of overhead costs attributable to contract activity in general.

Project profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected total costs. Where losses are anticipated they are provided for in full.

Project revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract. Any credit balance in work in progress is reclassified as income in advance.

When the outcome of the project cannot be estimated reliably, revenue is only recognised to the extent that the costs incurred are recoverable.

(z) Trade and other payables

Trade and other payables represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest. These amounts are unsecured and are usually settled within 30 days of recognition.

(aa) Operating segments

The Company has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) to make financial and operational decisions and to allocate resources. We attribute sales to an operating segment based on the type of product or service provided to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

We have identified three reportable segments, as follows:

- Technology Sales – provision of vendor hardware, software and associated licenses and maintenance contracts,
- Professional Services – provision of a range of specialist services including consulting, project management, systems and software engineering services to assist clients with strategy, architecture, design, development and implementation of ICT solutions.
- Recurring Services – a combination of managed services including operations, support and ICT management, as well as a range of in-house developed and market leading Cloud (IAAS, SAAS and IAAS) based solutions.

The consolidated entity operates in one geographical segment being Australia. As a result no additional geographical segment information has been provided.

(bb) 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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(cc) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: *Financial Instruments and associated Amending Standards*

Applicable to annual reporting periods beginning on or after 1 January 2018.

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: *Revenue from Contracts with Customers*

Applicable to annual reporting periods commencing on or after 1 January 2017. When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- (i) identify the contract(s) with a customer;
- (ii) identify the performance obligations in the contract(s);
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract(s); and
- (v) recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assumed a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Estimates

Impairment of Non-Current Assets

The Company assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to an impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Recoverability of Work in Progress

The Company assesses work in progress on a monthly basis to determine whether the amounts accrued are recoverable to the Group when billed to customers. At the reporting date, the directors believe that the carrying value of work in progress is recoverable in full.

Valuation of Provisions

The Company has assessed the value of provisions at the reporting date in line with the accounting policy at Note 1(s).

NOTE 3: FINANCIAL RISK MANAGEMENT

Risk management is the role and responsibility of the board. The Group's current activities expose it to minimal risk. However, as activities increase there may be exposure to credit, liquidity, foreign currency and interest rate risks.

(a) Credit Risk

The Group has no significant concentrations of credit risk and as such, no sensitivity analysis is prepared by the Group. The ageing of the Group's trade and other receivables at the reporting date is:

	2015	2014
	\$	\$
Current	2,426,994	13,217
30 - 60 days	225,451	-
60 - 90 days	7,574	-
More than 90 days	36,865	-
	<u>2,696,884</u>	<u>13,217</u>

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 3: FINANCIAL RISK MANAGEMENT (CONT.)

(b) Liquidity

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group manages liquidity risk by preparing forecasts and monitoring actual cash flows and requirements for future capital raisings. The Group does not have committed credit lines available, which is appropriate given the nature of its operations. Surplus funds are invested in a cash management account with Westpac Banking Corporation and St George which is available as required.

The material liquidity risk for the Group is the ability to raise equity or access debt finance as required in the future.

(c) Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is:

		1 year or less		Over 1 to 5 years	
	Floating Interest Rate \$	Fixed In- terest Rate \$	Non Interest Bearing \$	Non Interest Bearing \$	Total \$
30 June 2015					
Financial assets					
Cash and deposits	2,632,960	89,339	-	-	2,722,299
Current receivables	-	-	2,810,250	-	2,810,250
	<u>2,632,960</u>	<u>89,339</u>	<u>2,810,250</u>	<u>-</u>	<u>5,532,549</u>
Weighted average interest rate	0.1%				
Financial liabilities					
Trade and other payables	-	-	(3,692,872)	-	(3,692,872)
Borrowings	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(3,692,872)</u>	<u>-</u>	<u>(3,692,872)</u>
Weighted average interest rate	Nil				
Net financial assets / (liabilities)	<u>2,632,960</u>	<u>89,339</u>	<u>(882,622)</u>	<u>-</u>	<u>1,839,677</u>

The directors do not consider the results of the Group to be subject to significant sensitivity arising from interest rate risks.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 3: FINANCIAL RISK MANAGEMENT (CONT.)

	1 year or less			Over 1 to 5 years	
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Non Interest Bearing	Total
	\$	\$	\$	\$	\$
30 June 2014					
Financial assets					
Cash and deposits	857,995	-	-	-	857,995
Current receivables	-	-	13,217	-	13,217
	<u>857,995</u>	<u>-</u>	<u>13,217</u>	<u>-</u>	<u>871,212</u>
Weighted average interest rate	0.1%	-	-	-	-
Financial liabilities					
Trade and other payables	(206,181)	-	-	-	(206,181)
Borrowings	-	-	-	-	-
	<u>(206,181)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(206,181)</u>
Weighted average interest rate	Nil	-	-	-	-
Net financial assets	<u>651,814</u>	<u>-</u>	<u>13,217</u>	<u>-</u>	<u>665,031</u>

(d) Foreign currency risk

The Group is not materially exposed to foreign currency risk.

(e) Fair value hierarchy

The Group has not disclosed the fair values for financial instruments such as short-term trade receivables and payables because their carrying amounts are a reasonable approximation of their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 4: SEGMENT INFORMATION

The segment information provided to the Board of directors, for the reportable segments is as follows:

30 June 2015	Recurring Services \$	Professional Services \$	Technology Sales \$	Unallocated \$	Total \$
Revenue from external customers	236,777	940,877	1,928,516	10,465	3,116,635
Other income	-	-	-	373,746	373,746
Total Reportable Segment results	76,269	221,407	363,816	(18,079,771)	(17,418,279)
Total segment assets	279,017	1,298,215	1,176,428	3,681,166	6,434,826
Total segment liabilities	26,450	429,143	2,317,519	1,951,228	4,724,340
30 June 2014	Software Services \$				Total \$
Revenue from external customers	6,150				6,150
Reportable segment profit/(loss) before tax	(186,847)				(186,847)
Total segment assets	939,435				939,435
Total segment liabilities	(1,558,060)				(1,558,060)

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 5: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Montech Holdings Limited:

(a) Summarised statement of financial position

	2015	2014
	\$	\$
Assets		
Current assets	1,099,285	68,456
Non current assets	930,197	656,385
Total assets	<u>2,029,482</u>	<u>724,841</u>
Liabilities		
Current liabilities	(550,695)	(1,343,544)
Non current liabilities	-	-
Total liabilities	<u>(550,695)</u>	<u>(1,343,544)</u>
Net assets	<u>1,478,787</u>	<u>(618,703)</u>
Equity		
Share Capital	33,293,476	13,636,037
Reserves	8,665	6,790
Accumulated losses	<u>(31,823,354)</u>	<u>(14,261,530)</u>
Total equity	<u>1,478,787</u>	<u>(618,703)</u>

(b) Summarised statement of comprehensive income

Loss for the year	(17,561,825)	(2,269,016)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(17,561,825)</u>	<u>(2,269,016)</u>

(c) Guarantees entered into by the parent

The parent has not entered into any guarantees.

(d) Contingent liabilities of the parent

The parent does not have any contingent liabilities.

(e) Commitments of the parent

The parent does not have any commitments.

NOTE 6: REVENUE AND OTHER INCOME

	2015	2014
	\$	\$
(a) Revenue from services	<u>3,116,635</u>	<u>5,000</u>
(b) Other income		
Interest received	27,543	1,150
R&D tax offset	346,203	-
	<u>373,746</u>	<u>1,150</u>
Total revenue and other income	<u>3,490,381</u>	<u>6,150</u>

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 7: OPERATING LOSS

Loss before income tax includes the following expenses:

	2015	2014
	\$	\$
(a) Cost of sales		
Technology	1,564,700	-
Recurring services	160,508	
Professional services	719,470	-
(b) Depreciation – office equipment and software	9,048	10,208
(c) Employee benefits, other labour and related expenses		
Wages and salaries	214,274	42,410
Superannuation	36,611	1,874
Other employee benefits expenses	78,742	-
(d) Legal costs^	233,843	79,778
(e) Professional fees		
Consultants fees*	157,787	40,125
Compliance fees*	183,105	-
Other fees*	125,487	-

*Largely relating to the acquisitions of Tech Effect and Breeze

NOTE 8: IMPAIRMENT

	2015	2014
	\$	\$
Impairment of Goodwill	16,348,780	-
Impairment of Intellectual Property	63,636	-
Impairment of Property, Plant and Equipment	4,587	-
Total Impairment*	<u>16,417,003</u>	<u>-</u>

^ Expenses largely relating to the acquisition of Tech Effect and Breeze.

* The acquisition of Tech Effect and Breeze were funded by a combination of cash payment and shares issued in Montech. Goodwill was recognised on acquisition, being the excess of the cost of acquisition over the net assets acquired. The Board has taken a conservative view and decided to impair goodwill in full at the financial year end. As such the 30 June 2015 consolidated financial year loss includes impairment of goodwill, intellectual property and plant and equipment totalling \$16,417,003.

NOTE 9: INCOME TAX

	2015	2014
	\$	\$
(a) The components of tax income / (expense) comprise:		
Current tax	(179,011)	-
Deferred tax (refer Note 14)	<u>267,165</u>	<u>-</u>
	<u>88,154</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 9: INCOME TAX (CONT.)

	2015	2014
	\$	\$
(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Loss from continuing operations before income tax expense	(17,418,279)	(186,847)
Profit from discontinuing operations before income tax expense	-	3,406,349
	<u>(17,418,279)</u>	<u>3,219,502</u>
Income tax calculated at 30% (2014: 30%)	(5,225,484)	965,850
Tax effect of amounts which are not taxable income	5,235,466	(1,021,905)
Tax loss not recognised	<u>78,172</u>	<u>56,055</u>
Income tax benefit	<u>88,154</u>	<u>-</u>
The applicable weighted average effective tax rates are as follows:	(0.5%)	0.0%

(c) Tax effects relating to other comprehensive income

There is no tax effects relating to components of other comprehensive income.

(d) Tax losses

Approximate unused tax losses for which no deferred tax asset has been recognised	260,573	-
Potential tax benefit at 30% (2014: 30%)	<u>78,172</u>	<u>-</u>

The directors estimate that the parent entity and its controlled entities have carry-forward income tax losses of approximately \$78,172 (as above) available to offset against future years' taxable income as stated in the tax returns. Utilisation of these tax losses is subject to satisfaction of either the continuity or same business test in accordance with Australian Tax requirements. Tax losses related to the entity prior to the reconstruction that were not used have been lost in accordance with the continuity of business rules under the Australian Taxation legislation.

NOTE10: CASH AND CASH EQUIVALENTS

	2015	2014
	\$	\$
Cash at bank	2,632,960	857,995
Term deposit	<u>89,339</u>	<u>-</u>
	<u>2,722,299</u>	<u>857,995</u>

NOTE 11: TRADE AND OTHER RECEIVABLES

	2015	2014
	\$	\$
Trade receivables	2,606,815	-
Provision for doubtful debts	(3,200)	-
Other receivables	<u>93,269</u>	<u>13,217</u>
	<u>2,696,884</u>	<u>13,217</u>
Current tax receivable	113,366	-
Accrued revenue	<u>216,059</u>	<u>-</u>
	<u>329,425</u>	<u>-</u>
	<u>3,026,309</u>	<u>13,217</u>

The company does not have any significant debts considered "past due". Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the company and the counterparty to the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 12: WORK IN PROGRESS

	2015	2014
	\$	\$
Work In Progress	146,845	-
	<u>146,845</u>	<u>-</u>

NOTE 13: OTHER ASSETS

	2015	2014
	\$	\$
Deposits	13,736	-
Prepayments	164,021	-
	<u>177,757</u>	<u>-</u>

NOTE 14: DEFERRED TAX ASSETS

	2015	2014
	\$	\$
Deferred Tax Assets	267,165	-
	<u>267,165</u>	<u>-</u>

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Leasehold Im- provements	Office Equip- ment & soft- ware	Total
	\$	\$	\$
At 30 June 2015			
Cost	-	184,825	184,825
Accumulated depreciation	-	(85,787)	(85,787)
Accumulated impairment	-	(4,587)	(4,587)
	<u>-</u>	<u>94,451</u>	<u>94,451</u>
	Leasehold Im- provements	Plant and Equipment	Total
	\$	\$	\$
At 30 June 2014			
Cost	73,756	4,333,418	4,407,174
Accumulated depreciation	(45,083)	(4,292,724)	(4,337,807)
Accumulated impairment	(28,673)	(36,107)	(64,780)
	<u>-</u>	<u>4,587</u>	<u>4,587</u>

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 15: PROPERTY, PLANT AND EQUIPMENT (CONT.)

Reconciliation of carrying amounts at the beginning and end of the year:

	Leasehold Improvements	Plant and Equipment	Total
	\$	\$	\$
At 1 July 2014	-	4,587	4,587
Additions ⁽¹⁾	-	143,333	143,333
Disposals	-	(39,834)	(39,834)
Depreciation	-	(9,048)	(9,048)
Impairment due to Administration	-	(4,587)	(4,587)
At 30 June 2015	-	94,451	94,451
At 1 July 2013	158	38,168	38,326
Additions	-	1,043	1,043
Disposals	-	(1,870)	(1,870)
Disposal - Sale of InfoMaster business	-	(22,704)	(22,704)
Depreciation	(158)	(10,050)	(10,208)
At 30 June 2014	-	4,587	4,587

⁽¹⁾ Acquired as part of the acquisition of Tech Effect and Breeze. Refer Note 34.

NOTE 16: INTANGIBLE ASSETS

	2015	2014
	\$	\$
Maintenance Contracts and software at cost	63,636	4,196,471
Disposal - Sale of InfoMaster business	-	(486,471)
Accumulated depreciation	-	(2,698,416)
Accumulated impairment	(63,636)	(947,948)
	-	63,636

NOTE 17: TRADE AND OTHER PAYABLES

	2015	2014
	\$	\$
Trade creditors	2,494,566	196,181
Other payables and accrued expenses	1,198,306	10,000
	3,692,872	206,181

There are no trade and other payables that are considered past due.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 18: DEFERRED REVENUE

	2015	2014
	\$	\$
CURRENT		
Unearned income – consulting and licenses	294,569	-
	<u>294,569</u>	<u>-</u>
NON-CURRENT		
Unearned income – consulting and licenses	14,325	-
	<u>14,325</u>	<u>-</u>

NOTE 19: SYNDICATE LOAN

	2015	2014
	\$	\$
Loan from Syndicate	-	500,000
	<u>-</u>	<u>500,000</u>

On 16 May 2014, the Syndicate headed by Pager Partners lent to the Company \$500,000 which was paid over to the Creditors' Trust which allowed the effectuation of DOCA and the Company to be removed from external administration. In 2015 the syndicate loan was repaid at the conclusion of the recapitalisation.

NOTE 20: FUNDS HELD ON TRUST FOR EQUITY TO BE ISSUED

	2015	2014
	\$	\$
Funds held on Trust for equity to be issued	-	851,879
	<u>-</u>	<u>851,879</u>

NOTE 21: PROVISIONS

	2015	2014
	\$	\$
CURRENT		
Employee entitlements		
- Provision for Annual Leave	497,602	-
- Provision for Long Service Leave	224,972	-
	<u>722,574</u>	<u>-</u>

Employee provisions includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 22: SHARE CAPITAL

(a) Details of share issues

For the 2015 financial year:

Date	Details	Share Price \$	No. of Shares	Issue Value \$
	Balance at the beginning of the year		15,409,857	13,636,115
Jul-14	Securities offered pursuant to the First Placement	0.0025	150,000,000	375,000
Jul-14	Securities offered pursuant to the Second Placement	0.0100	150,000,000	1,500,000
May-15	Capital raising pursuant to the offer under the prospectus dated 17/04/2015	0.0350	114,285,714	4,000,000
May-15	Capital raising pursuant to the offer under the prospectus dated 17/04/2015	0.0250	12,000,000	300,000
May-15	Conversion offered to Savvy By Nature Pty Ltd	0.0280	2,242,857	62,800
May-15	Consideration shares for Technology Effect Pty Ltd	0.0200	441,399,450	8,827,989
May-15	Consideration shares for Breeze Training Pty Ltd	0.0300	141,666,667	4,250,000
Jun-15	Exercise of options	0.0100	46,666,668	466,667
	Capital raising costs			(133,428)
	Total share capital		1,073,671,213	33,285,143

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholder meetings, otherwise each member present at a meeting or by proxy has one vote on a show of hands. In the event of the winding up of the Company, ordinary shareholders rank after creditors and share in any proceeds on winding up in proportion to the number of shares held.

Comparative information for share issues occurring in the 2014 financial year:

Date	Details	Share Price \$	No. of Shares	Issue Value \$
	Balance at the beginning of the year		308,196,565	13,636,115
Apr-14	Share consolidation (1:20)		(292,786,708)	-
	Total share capital		15,409,857	13,636,115

(b) Shares to be issued

On 30 June 2015, the company received \$8,333 for the exercise of 833,333 options. The shares were issued on 3 July 2015. On 11 September 2015, the company received \$24,999.99 for the exercise of 2,499,999 options. The shares were issued on 16 September 2015. Accordingly, these amounts have not been accrued as at 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 22: SHARE CAPITAL (CONT.)

(c) Options

ASX Code	Balance at 30/06/2014	Balance at 30/06/2015	Exercise price	Expiry
MOQOPT8	-	28,333,333	\$0.01	30/06/2017
MOQOPT5	166,667	166,667	\$0.70	12/02/2016
MOQOPT6	166,667	166,667	\$0.70	12/02/2017
MOQOPT7	166,667	166,667	\$0.70	12/02/2018

A summary of the movements of all company options issues is as follows:

	No. of Options	Weighted Average Exercise Price
Options outstanding at 30 June 2014	500,001	\$0.70
Granted	75,000,000	\$0.01
Forfeited	-	-
Exercised	(46,666,668)	\$0.01
Expired	-	-
Options outstanding at 30 June 2015	28,833,333	\$0.01
Options exercisable as at 30 June 2015	28,833,333	\$0.01

(d) Capital management

Management controls the capital of the Group in order to generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTE 23: RESERVES

	2015 \$	2014 \$
Reserves at the beginning of financial year	6,790	6,790
Option Premium Reserve	1,875	-
Reserves at end of financial year	<u>8,665</u>	<u>6,790</u>

NOTE 24: ACCUMULATED LOSSES

	2015 \$	2014 \$
Accumulated losses at beginning of financial year	(14,261,530)	(17,481,032)
Net (loss) / profit for the year	<u>(17,330,125)</u>	<u>3,219,502</u>
Accumulated losses at end of financial year	<u>(31,591,655)</u>	<u>(14,261,530)</u>

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 25: FRANKING CREDITS

	2015 \$	2014 \$
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>232,509</u>	<u>279,000</u>

NOTE 26: KEY MANAGEMENT PERSONNEL DISCLOSURE

	2015 \$	2014 \$
Compensation received by key management personnel of the consolidated entity:		
Short term employee benefits	203,129	42,410
Bonus payments	56,831	-
Other short term employee benefits	152,158	-
Post employment benefits	22,326	1,874
Termination benefits	-	-
	<u>434,444</u>	<u>44,284</u>

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Further information in relation to KMP remuneration can be found in the directors' report.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 27: RELATED PARTY TRANSACTIONS

(a) The Group's main related parties are as follows:

- (i) *Key management personnel:*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 26.

- (ii) *Other related parties:*
Other related parties include entities over which key management personnel have joint control.

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2015	2014
	\$	\$
Advisory fee to MPC Strategic Solutions Pty Ltd (an entity related to Monash Private Capital Pty Ltd and Director, Joseph Fridman)	(100,000)	-
Receipt of \$90,000 in settlement of the transaction of Breeze Training Pty Ltd (an entity related to Director Nicki Page) to the Group	90,000	-
repayment of a \$500,000 syndicate loan (the Syndicate was headed by Pager Partners, an entity related to Jonathan Pager). The loan was settled with \$111,929 in cash and \$388,071 in equity	(500,000)	500,000

(c) Loans to/from related parties:

There are no amounts outstanding or payable to related parties as at 30 June 2015 (2014: nil).

NOTE 28: AUDITOR'S REMUNERATION

	2015	2014
	\$	\$
Amounts paid / payable to Stantons International for audit and review work undertaken under the <i>Corporation Act 2001</i>		
Auditing or reviewing the financial report	60,896	10,000
Prior year under provision	-	48
Investigating Accountants report	12,485	-
Independent Expert Report	-	7,262
	<u>73,381</u>	<u>17,310</u>

NOTE 29: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The company has no contingent assets or liabilities at 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 30: CAPITAL AND LEASING COMMITMENTS

Operating lease commitments

Payable - minimum lease payments

- not later than 1 year	317,900	162,642
- later than 1 year and not later than 5 years	978,775	68,000
- later than 5 years	20,825	-
	<u>1,317,500</u>	<u>230,642</u>

Operating lease commitments relate to the rent of company's office space. A new lease for the company's Brisbane office was entered into in June 2015.

NOTE 31: EARNINGS PER SHARE

	2015	2014
	\$	\$
(a) Basic earnings / (loss) per share (cents per share)		
From continuing operations	(4.8)	(1.21)
From discontinued operations	-	22.10
	<u>(4.8)</u>	<u>20.89</u>
(b) Diluted earnings / (loss) per share (cents per share)		
From continuing operations	(4.8)	-
From discontinued operations	-	3.77
	<u>(4.8)</u>	<u>3.77</u>
(c) Reconciliation of (loss) / profit in calculating earnings per share		
Basic and diluted (loss) / profit per share		
Loss from continuing operations attributable to ordinary equity holders	(17,330,125)	(186,847)
Profit from discontinued operations	-	3,406,349
	<u>(17,330,125)</u>	<u>3,219,502</u>
(d) Total shares		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings / (loss) per share	<u>363,207,397</u>	<u>15,409,857</u>
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings / (loss) per share	<u>363,207,397</u>	<u>90,409,857</u>

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 32: DISCONTINUED OPERATIONS

(a) Details of operations disposed

On 30 August 2013, the Company went into voluntary administration. The Administrators sought expressions of interest from third parties in either acquiring the assets of the Company or reconstructing and recapitalising the Company.

As part of this process, the creditors approved the Administrators entering into a Deed of Company Arrangement (DOCA) on 17 October 2013, pursuant to which the Deed Administrator was authorised, among other things, to investigate the restructure of the Company's capital with a view to re-instating the Company's Shares to quotation on the ASX for the benefit of creditors and Shareholders.

The Company's creditors subsequently agreed with a proposal presented by a syndicate headed by Pager Partners for the restructure and recapitalisation of the Company. This proposal was approved by Shareholders on 7 April 2014 and was successfully completed on 16 May 2014.

At or subsequent to completion, the following occurred:

- The syndicate headed by Pager Partners paid \$500,000 to the Deed Administrator;
- The Deed Administrator satisfied creditors' claims under the Creditors Trust Deed, with all other liabilities and obligations of the Company being comprised under the DOCA;
- The Company confirmed the retention of the Company's existing business assets (unencumbered); and
- The DOCA terminated

(b) Financial performance of operations disposed

	2015	2014
	\$	\$
Carrying value of Net Liabilities	-	4,255,780
Payment to MOQ Creditors Trust	-	(500,000)
Net result for the year	-	(349,432)
Net gain on disposal of operations	-	3,406,348

(c) Assets and liabilities of discontinued operations

	2015	2014
	\$	\$
Cash and cash equivalents	-	108,669
Trade and other payables	-	(1,355,396)
Interest bearing loans and borrowings	-	(2,649,153)
Provisions	-	(40,705)
Other liabilities	-	(319,194)
Net liabilities attributable to discontinued operations	-	(4,255,779)

(d) Cash flows used in discontinued operations

	2015	2014
	\$	\$
Net cash used in operating activities	-	(1,549,342)
Net cash from investing activities	-	879,380
Net cash from financing activities	-	1,351,879
Net cash outflows for the year	-	681,917

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 33: CASH FLOW INFORMATION

**Reconciliation of net cash provided by operating activities
to net (loss) / profit after tax**

(Loss) / profit for the period after tax	(17,330,125)	3,219,502
Add back: Income tax credit	(88,154)	-
(Loss) / profit for the period before tax	(17,418,279)	3,219,502
Non cashflows and non-operating cashflows in profit / (loss):		
Depreciation	9,048	105,131
Impairment losses – Goodwill	16,348,780	-
Impairment losses – Property Plant Equipment	4,587	-
Impairment losses – Intellectual Property	63,636	-
(Gains) / Losses on disposal of fixed assets	58,689	-
Assets acquired	(143,333)	-
Profit on sale of InfoMaster business	-	(1,328,012)
Other items	198,761	-
<i>Change in assets and liabilities:</i>		
Decrease / (Increase) in trade debtors	(196,884)	1,174,491
Decrease / (Increase) in work in progress	(146,845)	-
Decrease / (Increase) in current tax receivable	(69,154)	-
Decrease / (Increase) in other current assets	(177,757)	1,434
Decrease / (Increase) in deferred tax assets	(24,116)	-
Increase / (Decrease) in payables	(609,245)	(1,623,893)
Increase / (Decrease) in loans	-	-
Increase / (Decrease) in other liabilities	-	(584,216)
Increase / (Decrease) in unearned revenue	308,894	-
Increase / (Decrease) Short term borrowings	-	(2,577,024)
Increase / (Decrease) in provision for employee entitlements	722,574	63,245
Cash flow from operations	(1,070,644)	(1,549,342)

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 34: ACQUISITION OF MOQ DIGITAL (TECH EFFECT) AND BREEZE

On 3 October 2014, the Company announced that it had signed separate binding heads of agreements to acquire 100% of the issued capital in two businesses, MOQdigital Pty Ltd, formerly Technology Effect Pty Ltd (“Tech Effect”) and Breeze Training Pty Ltd (“Breeze”), subject to a number of conditions precedent being satisfied.

On 3 February 2015, the Company announced that it had completed its due diligence on the Tech Effect and Breezes businesses and had executed separate share sale agreements with all of the shareholders of Tech Effect and Breeze.

On 29 May 2015, the Board of the Company advised that it had acquired 100% of the shares of Tech Effect and Breeze following completion of the capital raising and satisfaction/waiver of all condition precedents.

Details of the business combination are as follows:

	Tech Effect	Breeze
	\$	\$
Fair value of consideration for businesses acquired		
Amount settled in cash and shares	11,827,989	5,000,000
Recognised amounts of identifiable net assets		
Cash and cash equivalents	1,192,190	244,937
Trade and other receivables	2,283,683	419,159
Deferred tax assets	207,750	35,299
Total current assets	3,683,623	699,395
Property, plant and equipment	100,466	42,867
Total non-current assets	100,466	42,867
Trade and other payables	(3,718,567)	(377,369)
Current tax assets	979	47,815
Total current liabilities	(3,717,588)	(329,554)
Identifiable net assets	66,501	412,708
Goodwill on acquisition	11,761,488	4,587,292
Consideration transferred settled in cash	(3,000,000)	(750,000)
Cash and cash equivalents acquired	1,192,190	244,936
Stamp duty on acquisition	(30,000)	-
Net cash paid relating to the acquisition	(1,837,810)	(505,064)

Acquisition costs are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of other expenses.

There is no deferred consideration.

Set out below is the contribution for each subsidiary to the reporting entity’s profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

	Tech Effect	Breeze
	\$	\$
Financial period	29/05/2015 to 30/6/2015	29/05/2015 to 30/6/2015
Summarised Financial Performance		
Revenue	2,854,813	251,363
Profit before tax	19,593*	352
(Loss)/profit after tax	(122,421)	72
Other comprehensive income after tax	-	-
Total comprehensive (loss)/income	(122,421)	72
Profit/(loss) attributable to non-controlling interests	-	-

*After merger and transaction costs of \$257,121

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTE 35: SHARE BASED PAYMENTS

On 29 May 2015, the Company issued 441,399,450 shares at \$0.02 per share totalling \$8,827,989 as part consideration to acquire Technology Effect Pty Ltd (refer note 34).

On 29 May 2015, the Company issued 141,666,667 shares at \$0.03 per share totalling \$4,250,000 as part consideration to acquire Breeze Training Pty Ltd (refer note 34).

On 29 May 2015, the Company issued 2,242,857 shares at \$0.028 per share totalling \$62,800 to repay a loan to Savvy By Nature Pty Ltd.

NOTE 36: CONTROLLED ENTITIES

Name of entity	Country of Incorporation	Class of Shares	Equity holding	
			2015	2014
MOQdigital Pty Ltd	Australia	Ordinary	100%	-
Breeze Training Pty Ltd	Australia	Ordinary	100%	-
Pinnacle Software (Australia) Pty Ltd	Australia	Ordinary	100%	100%
OneBet IP Pty Ltd	Australia	Ordinary	100%	-
OneBet Trading Pty Ltd	Australia	Ordinary	100%	-

NOTE 37: EVENTS SUBSEQUENT TO REPORTING DATE

Attention is drawn to Note 22 which outlines the exercise of share options subsequent to reporting date.

The directors are not aware of any other matters or circumstances have arisen since 30 June 2015 that have significantly affected or may significantly affect the operations, results or state of affairs of the Company.

END OF AUDITED STATEMENTS

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Montech Holdings Limited (the "Company"), the directors of the company declare that:

1. Subject to the uncertainty over the completeness of source documentation and its impact on comparative information as disclosed in Note 1(b), in the opinion of the directors of the Company, the financial statements and notes, as set out on pages 16 to 49 are in accordance with the *Corporations Act 2001* and
 - i. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - ii. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
3. the audited remuneration disclosures set out on pages 12 to 15 of the directors' report comply with accounting standard AASB 124 *Related Party Disclosures* and the Corporation Regulations 2001; and
4. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer.

On behalf of the Directors



David Shein
Non Executive Chairman
29 September 2015

29 September 2015

Board of Directors
Montech Holdings Limited
Level 5, 137-139 Bathurst Street
Sydney, NSW 2000

Dear Sirs

RE: MONTECH HOLDINGS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Montech Holdings Limited.

As Audit Director for the audit of the financial statements of Montech Holdings Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

**QUALIFIED INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MONTECH HOLDINGS LIMITED**

Report on the Financial Report

We have audited the accompanying consolidated financial report of Montech Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the consolidated 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements 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. Those 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 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Because of the matter discussed in the basis of Disclaimer of Auditor's Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

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

Basis for qualified Auditor's Opinion for Comparative Period

The company was placed into administration on 30 August 2013 until the date the Deed of Company Arrangement was effectuated, being 16 May 2014. Consequently, the financial information relating to the year ended 30 June 2014 was not subject to the same accounting and internal control processes, which included the implementation and maintenance of internal controls that are relevant to the preparation and fair presentation of the financial report. Whilst the books and records of the company have been reconstructed to the maximum extent possible, we were unable to satisfy ourselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report for the year ended 30 June 2014.

As stated in Note 1(b), the current Directors are unable to state that the financial report is in accordance with all the requirements of the Corporations Act 2001 and the Australian Accounting Standards.

Qualified Auditor's Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph;

- (a) the financial report of Montech Holdings Limited is in accordance with the Corporations Act 2011, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of their performance for the year ended on that date and ;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in nota 1(a).

Report on the Remuneration Report

We have audited the remuneration report included on pages 11 to 15 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Disclaimer of opinion for Comparative Period

Because of the existence of the limitation on scope of our work, as described in the Qualified Auditor's Opinion, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion on the remuneration report of Montech Holdings Limited for the year ended 30 June 2014 and whether it complies with Section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
29 September 2015

MONTECH HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES
ABN: 94 050 240 330

The following information is current as at 25 September 2015.

ORDINARY SHARES

1,077,004,545 fully paid ordinary shares held by 694 individual shareholders. All ordinary shares carry one vote per share.

UNQUOTED OPTIONS

The Company has on issue:

- 500,001 options exercisable at 70 cents expiring at various dates from 12 February 2016 across 1 holder.
- 25,000,000 options exercisable at 1 cent expiring on 30 June 2017 across 5 holders.

Options do not carry any votes

DISTRIBUTION OF HOLDERS FULLY PAID ORDINARY SHARES

Category	Number of holders	Number held	% of issued shares
100,001 and Over	309	1,069,317,326	99.29
10,001 to 100,000	122	7,375,282	0.68
5,001 to 10,000	11	94,165	0.01
1,001 to 5,000	52	140,052	0.01
1 to 1,000	199	77,720	0.01
Total	693	1,077,004,545	100.00

The number of holders who held less than a marketable parcel of shares was 265.

SUBSTANTIAL SHAREHOLDERS

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

Holder	No. of ordinary shares	% of ordinary shares
MONASH PRIVATE CAPITAL PTY LTD	182,283,334	16.93
KATHY LOUISE EDWARDS	176,559,780	16.39
MR SCOTT MCPHERSON	176,559,780	16.39
NICOLA JANINE PAGE, MICHAEL ALEXANDER BADRAN & ASSOCIATED ENTITY (OSKA INDIA PTY LTD)	141,666,667	13.15
MATTHEW CHARLES GOGGIN & ROMILY JANE GOGGIN	88,279,890	8.20

MONTECH HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES
ABN: 94 050 240 330

TOP 20 HOLDERS OF EQUITY SECURITIES

	Holder	Shares	%
1	MONASH PRIVATE CAPITAL PTY LTD	182,283,334	16.93
2	KATHY LOUISE EDWARDS	176,559,780	16.39
2	MR SCOTT MCPHERSON	176,559,780	16.39
3	MATTHEW CHARLES GOGGIN & ROMILY JANE GOGGIN	88,279,890	8.20
4	MICHAEL ALEXANDER BADRAN	55,208,334	5.13
5	NICOLA JANINE PAGE	55,208,333	5.13
6	OSKA INDIA PTY LTD	31,250,000	2.90
7	DAVCOL NOMINEES PTY LTD	25,000,001	2.32
8	UNITED EQUITY PARTNERS PTY LTD	19,800,000	1.84
9	J P MORGAN NOMINEES AUSTRALIA LIMITED	18,377,094	1.71
10	HOLLOWAY COVE PTY LTD	18,000,000	1.67
11	JARREN INVESTMENTS PTY LTD	15,833,333	1.47
12	MYALDALI PTY LTD	7,211,935	0.67
13	POLFAM PTY LTD	5,000,000	0.46
13	OCEANVIEW SUPER FUND PTY LTD	5,000,000	0.46
14	MARATHON ROAD PTY LIMITED	4,726,190	0.44
15	BATADOR PTY LIMITED	4,500,000	0.42
16	MR JACK LEON FRIDMAN	4,058,333	0.38
17	ROBAR HOLDINGS PTY LTD	4,027,143	0.37
18	MRS FIONA BORCHARDT & MR GRANT DANIEL BORCHARDT	4,000,000	0.37
19	JAMIAD PTY LTD	3,333,333	0.31
20	MR MICHAEL SPYVEE	3,155,714	0.29
	Top 20	907,372,527	84.25
	All shareholders	1,077,004,545	100.00
