APPLABS TECHNOLOGIES LTD (Formerly AACL Holdings Ltd)

ABN 41 139 977 772

ANNUAL REPORT

30 JUNE 2014

CORPORATE INFORMATION

Directors

Patric Glovac – *Managing Director (appointed 9 December 2013)*

Rocco Tassone – *Non-Executive Director (appointed 15 October 2013)*

Charles Thomas – *Non-Executive Director (appointed 9 December 2013)*

Stuart Kidd – *Executive Director (resigned 1 October 2014)*

Company Secretary

Damon Sweeny

Charly Duffy *(appointed 7 October 2014)*

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009
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Facsimile: +61 8 9389 7871

Solicitors to the Company

Nova Legal
Ground Floor
10 Ord Street
West Perth WA 6005

Auditors

Crowe Horwath Perth
Level 6, 256 St George's Terrace
PERTH WA 6000

Registered Office

Level 1, Suite 5, 12 – 20 Railway Road
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Facsimile: + 61 8 9217 3799

Website

www.applabs.com.au

DIRECTORS REPORT

The directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2014.

The following persons were directors of Applabs Technologies Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Christopher Raymond Brooks (resigned 15/10/2013)
- Nathan Omodei (resigned 15/10/2013)
- Kent Hunter (appointed 15/10/2013, resigned 9/12/2013)
- Rocco Tassone (appointed 15/10/2013)
- Trevor Gordon Stoney (resigned 9/12/2013)
- Charles Thomas (appointed 9/12/2013)
- Patric Glovac (appointed 9/12/2013)
- Stuart Kidd (appointed 9/12/2013, resigned 1/10/2014)

1. Company Overview

AACL was admitted to the Official List of the ASX on Wednesday 7 April 2010 as AACL Holdings Ltd (AACL) an agricultural investment company.

During the period the Company underwent a significant change in the nature and scale of its activities. At the Annual General Meeting on 21 November 2013 members approved, amongst other things, the change from an agricultural to a Technology Company, the acquisition of an App development company and a new name to reflect that change. The Company was then suspended from trading on the ASX whilst it recomplied with Chapters 1 and 2 of the ASX Listing Rules and raised capital under a prospectus.

a) On 28 August 2013 AACL Holdings Ltd (AACL) announced the termination of its Heads of Agreement with Moboom Ltd;

b) On 15 October 2013 AACL announced a binding agreement to acquire 100% of the shares of Applabs Australia Pty Ltd (Applabs) through the issue of ordinary shares in AACL (Applabs Transaction). The Applabs Transaction included a 30:1 consolidation of the Company's securities;

c) On 28 October 2013 AACL issued a prospectus for the issue of 15,000,000 post-consolidation ordinary shares at 20 cents each to raise $3,000,000. The prospectus also confirmed that 6,000,000 ordinary shares would be issued on a post-consolidation basis to the vendors of Applabs;

d) At the 21 November 2013 AGM members approved:
    - the Change to Nature and Scale of Activities;
    - the Consolidation of Capital on a 30:1 basis;
    - the issues of Shares to Vendors of Applabs and Ingenius Labs Pty Ltd;
    - the capital raising under a prospectus; and
    - the Change of Company Name to Applabs Technologies Ltd.

The Company was reinstated to official quotation under the stock ticker 'ALA' from the commencement of trading on 16 December 2013

2. Group Structure

There were no changes to the Group structure during the year other than the disclosure under section 4 below.

3. Principal Activities and Significant Changes in Nature of Activities

Applabs Technologies Ltd is the first ASX listed app development and technology venture fund Company. Applabs offers a unique business model of both an app developer and a technology financer, enabling the Company to produce apps for customers as well as the ability to fund, develop and market exciting leading edge new apps internally.

There were no significant changes in the nature of the Consolidated Group's principal activities during the financial year other than as disclosed in Section 1 above.

4. Operating Results and Review of Operations for the Year

4.1 Review of Operations

Key events for the year to 30 June 2014

Applabs Technologies Ltd (previously AACL Holdings Ltd) completed the disposal of its 100% subsidiaries AACL Services Pty Ltd, AACL Wholesale Pty Ltd and AACL Funds Management Ltd on 25 October 2013. The Company also wound up and de-registered its 100% subsidiary AACL Fertilisers Pty Ltd on 21 August 2013. The gain on disposal of these subsidiaries along with the results of their operations from 1 July 2013 to the date of loss of control have been classified as discontinued operations in accordance with Australian Accounting Standards. The loss after income tax for the year from discontinued operations amounted to $27,188 (2013 profit: $7,742,140).

Key events after the change to Applabs Technologies Ltd

Applabs was also extremely active in acquiring positions in technology companies with a view to helping them list on the ASX as stand-alone entities

Applabs has three distinct revenue divisions being:

Division 1: App Development or "Fee for Service" Division - producing bespoke mobile apps for clients.

The Applabs Fee for Service Division's team specialises in delivering high-quality, forward-thinking mobile apps across iPhone, iPad and Android devices. The division is spearheaded by two outstanding individuals with a wealth of experience in Sales and Marketing in the technology and app space:

Division 2: Venture Capital Division - focused on sourcing and investing in technology companies globally

Focused on acquiring and retaining strategic equity stakes in cutting edge technology companies.

Division3: Internal Development Division - Developing internal technology projects

Applabs have leveraged the expertise of the design and development team to create an Internal Product Division of the Company, which has several cutting edge apps in various stages of development.

The most advanced internal product app is the 100% owned Home Open.

DIRECTORS REPORT (continued)

Event Timeline as Applabs Technologies

Division 2: Venture Capital Division

Since listing the Venture Capital Division, Applabs has acquired and retained equity stakes in several cutting edge technology companies including:

xTV – (USA) www.xtv-inc.com

Backed by Microsoft and health care giant UST Global, xTV allows companies to create their own online, real-time TV network. xTV allows users to combine all of their streaming media into a branded, real-time and interactive TV network, giving the power of information back to the users in a controlled and informative single platform. TV is the next evolution of the 'website' and xTV is pioneering this evolution. Cisco predicts by 2017 that 70% of all internet traffic will be video content.

PAY2DAY Solutions – (USA) www.pay2daysolutions.com

PAY2DAY is an easy, subscription-based tool that allows customers to pay bills using SMS technology. The system is capable of reducing average invoice processing costs by as much as 500%. The Company is partnering with Telescope Inc., a cross-channel SaaS platform that manages over 1.5 billion consumer mobile and digital interactions every year for clients including American Idol, NBC Universal, CBS, Scripps, Cricket Wireless and Sprint. The PAY2DAY advisory board includes Senior Executives from industry leaders such as Apple, PayPal and Bank of America.

RosterElf – (Australia) www.rosterelf.com

The magically simple 100% cloud based Roster Elf has developed an online staff rostering app which has significant commercial opportunity across a range of businesses globally. The unique app has been designed with the end user, business owners and managers in mind. The result is an incredibly smart, simple and flexible system that makes rostering effortless. The new Clock On – Clock Off feature is just one of the innovative additions to this already versatile product.

Electronic Pain Assessment Tool (ePAT) – (Australia)

ePAT is the world's first 3D facial recognition and emotion app aimed at the detection of pain in adults. ePAT is being developing by Curtin University Professor Jeff Hughes and his team, which also comprises of lecturer Kreshnik Hoti and PhD candidate Mustafa Atee. By automating the facial recognition component, the application will provide an objective way to detect an accurate level of pain in non-communicative people, such as patients with dementia.

Chat Center – (USA) www.chatcenter.me

Part funded by Google Ventures, Chat Center has developed software which allows any user to chat with another user, irrespective of which chat app they use. The major problem with current mobile chat app is that it is a fragmented market and users can only chat with each other if they both use the same app (WhatsApp, Skype, Line etc). Chat Center allows users to chat with each other irrespective of which chat app they use. Therefore a user with WhatsApp is able to chat with a user who has Viber, allowing chat to become universal.

Positiv Flo – (Australia)

This innovative product offers a fresh approach to the health and fitness industry. The Positive Flo app offers an easy to adopt service and has the ability to be monetised immediately.

Applabs has acquired and retained equity stakes in several ASX listed companies including:

Liberty Resources Ltd – (ASX LBY)

Acquired 6.4% shareholding

Applabs nominee elected to board

Assisting the company in sourcing technology opportunities

Intercept Minerals Ltd – (ASX IZM)

Acquired 2.7% shareholding

Subscribed for 25M shares at $0.002

Successfully introduced xTV transaction

GB Energy Ltd – (ASX GBX)

Acquired 3.8% shareholding (subject to shareholder approval)

Subscribed for 25M shares at $0.002

Division3: Internal Development Division - Developing internal technology projects

Applabs have leveraged from the expertise of the design and development team to create an Internal Product Division of the Company, which has several cutting edge apps in various stages of development.

The most advanced Internal Product app is the 100% owned Home Open.

Home Open

Home Open is a highly mobile focused real estate portal designed to allow consumers to easily and efficiently find properties to buy or rent. Home Open allows consumers the unique ability to search for properties based on their current location and proximity to homes open for inspection in real- time. Through revolutionary iBeacon technology real estate agents are able to communicate directly with consumers through push notifications.

The launch of Home Open comes at an opportune time as agents across Australia continue to rally together against the continued cost pressures of the major real estate portals. Home Open is free to download for consumers and free for real estate agents to list properties. Home Open is the only real estate portal outside of the majors or institute backed platforms which is available on web, iPhone, iPad, and Android. Monetisation for Home Open is multi layered through white label sales, advertising, iBeacon sales and agent back-end portal subscription fees.

Home Open aims to become the third major real estate portal in Australia, and went live on 11 August 2014.

4.2 Financial Position

The net asset position of the Consolidated Group has increased from $654,228 at 30 June 2013 to a net asset position of $6,832,865 at 30 June 2014.

5. Significant Changes to State of Affairs

There have been no significant changes in the state of affairs of the Group that occurred during the financial year other than as disclosed in the financial statements.

6. Dividends Paid or Recommended

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

7. After Balance Date Events

- On 10 July 2014 Applabs announced it was investing $250,000 for a 15% stake in Electronic Pain Assessment Tool (ePAT), the worlds first 3D facial recognition application for the assessment of pain targeted at non-communicative people.
- On 15 July 2014 Applabs' strategic funding model was validated by the announcement that listed entity Intercept Minerals Ltd (IZM) intended to acquire 100% of MPPAPPS Inc (trading as xTV) issued capital for $12,500,000. The deal is value accretive for Applabs, and the Company showed its support by subscribing for 25,000,000 IZM shares at $0.002 for a consideration of $50,000. Also announced was the strategic investment into xTv of US$2,000,000 by UST Global, a leading provider of end-to-end IT services and solutions for Global 1000 companies.
- On 18 July 2014 the Company announced it had agreed to a US$150,000 cash and US$100,000 stock swap in PAY2DAY Solutions Inc., a provider of electronic notification, bill presentment and payments via a proprietary SMS text message system.
- On 14 August 2014 the Company appointed Patric Glovac as Managing Director.
- On 9 September 2014 the Company issued 434,783 ordinary shares at an issue price of $0.23 each as non-cash consideration for the acquisition of xTV stock as originally announced to the ASX on 20 June 2014.
- On 1 October 2014 Mr Stuart Kidd informed the Board of his immediate resignation. This was announced to the ASX on 3 October 2014.

8. Future Developments, Prospects and Business Strategies

Likely future developments in the operations of the Group are referred to elsewhere in the Annual Report. Other than as referred to in this report, further information as to likely developments in the operations of the Group and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Group and its shareholders.

9. Environmental Issues

The consolidated Group's operations are not subject to significant environmental regulations under the laws of the Commonwealth or State.

10. Information on the Directors

Patric Glovac	***Managing Director, appointed 9 December 2013.***
Experience	Mr Glovac holds a Bachelor of Commerce majoring in Finance, Banking, Management through Murdoch University and a Diploma of Management. Currently Mr Glovac has been working as an investment advisor since 2003 for Bell Potter Securities Limited focusing on high net-worth clients and corporate advisory services. During that time he has advised and funded many ASX listed companies from early stage seed capital through to IPO. Mr Glovac is also a founding director of Applabs Australia Pty Ltd..
Interest in Shares and Options	ALA - Ordinary Shares Indirect - 60,000. ALAO – Listed Options ($0.25 expiry 21/5/16) Indirect – 30,000. Mr Glovac is a beneficiary, sole director and shareholder of Murdoch Capital P/L. Murdoch Capital is the Trustee for the Glovac Super Fund.
Directorships held in other listed entities during the three years prior to the current year	Currently a non-executive director of ASX listed Liberty Resources Ltd (since 21 August 2014).
Stuart Kidd	***Executive Director, appointed 9 December 2013, resigned 1 October 2014.***
Experience	Mr Kidd has 17 years' experience in graphic design and 14 years' experience in developing successful internet applications for the likes of Deutsche Bank, Halifax Bank, UBS, Barclays, Vodafone and Mars Inc. In 2011 Mr Kidd switched to mobile technology, establishing InGenius Labs with his technical branding and marketing knowledge. InGenius Labs has a loyal customer base and has created numerous mobile applications for its clients. Mr Kidd was an internet broadcasting pioneer, setting up one of the first radio and nightclub internet broadcasts from London..
Interest in Shares and Options	ALA - Ordinary Shares - Indirect – 1,750,000 (Vendor shares in escrow for 24 months until 16 December 2015). ALAO – Listed Options ($0.25 expiry 21/5/16) indirect – 875,000. Sole director/shareholder of Grooving Thing P/L. Grooving Thing is the Trustee for the Kidd Family Trust. Mr Kidd is a beneficiary.
Directorships held in other listed entities during the three years prior to the current year	Nil.

Rocco Tassone	***Non-Executive Director, appointed 15 October 2013.***
Experience	Mr Tassone holds a Bachelor of Business with a Double Major in Finance and Economics. He also holds a Graduate Diploma in Applied Finance and Investment though the Securities Institute of Australia (now known as Kaplan). He is the founding director of online retailer, wholesaler and Australian distribution company EverythingMMA Pty Ltd, the market leader in fitness and mixed martial arts apparel and equipment in Australia. Mr Tassone is also a founding director and major shareholder of D-InkD, a company offering laser tattoo removal in Australia..
Interest in Shares and Options	ALA - Ordinary Shares - indirect - 105,000. ALAO – Listed Options ($0.25 expiry 21/5/16) indirect - 52,500. Syracuse Capital is the Trustee for the Rocco Tassone Super Fund. Mr Tassone is a beneficiary. Mr Tassone is a director and shareholder of DInkD P/L.
Directorships held in other listed entities during the three years prior to the current year	Nil.
Charles Thomas	***Non-Executive Director, appointed 9 December 2013.***
Experience	Mr Thomas holds a Bachelor of Commerce from UWA majoring in Corporate Finance. Mr Thomas has been working as an investment advisor since 2009 for Bell Potter Securities Limited focusing on high net-worth clients and corporate advisory services. During the past 7 years he has advised and funded many ASX listed companies from early stage seed capital through to IPO. Mr Thomas is a founding director and major shareholder of D-InkD, a company offering laser tattoo removal in Australia. Mr Thomas is also a founding director of Applabs Australia Pty Ltd..
Interest in Shares and Options	ALA - Ordinary Shares - indirect - 15,000. ALAO – Listed Options ($0.25 expiry 21/5/16) indirect - 7,500. Mr Thomas is the sole director and a shareholder of Mounts Bay Investments P/L. Mounts Bay Investments is the Trustee for the CT Superannuation Fund. Mr Thomas is a beneficiary. Mr Thomas is also a director and shareholder of DInkD P/L.
Directorships held in other listed entities during the three years prior to the current year	Currently a non-executive director of ASX listed Liberty Resources Ltd (since 20 June 2014).

10.1 Company Secretary

Mr Damon Sweeny was appointed as Company Secretary on 16 December 2013 following the re-compliance listing of the group. Ms Charly Duffy was appointed as Joint Company Secretary on 7 October 2014. Mr Sweeny will step down from his existing role once an effective handover has been completed.

11. Meetings of Directors

During the financial year, the number of meetings of directors (including committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Number of meetings eligible to attend	Number of meetings attended
Chris Brooks	4	4
Trevor Stoney	9	9
Nathan Omodei	4	4
Kent Hunter	5	5
Rocco Tassone	10	10
Patric Glovac	5	5
Stuart Kidd	5	5
Charles Thomas	5	5

12. Indemnifying Officers or Auditor

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

- The Company has paid insurance premiums during the year in respect of insuring each of the Directors and each officer of the Group against liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The terms of the insurance contract prohibit the disclosure of the amount of premiums paid.

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred as auditor.

13. Options

At the date of this report, the unissued ordinary shares of Applabs Technologies Ltd under option are as follows:

Date of Expiry	Exercise Price	Number of Options
21 May 2016	$0.25	25,619,920

The options were issued at $0.01 each pursuant to the prospectus dated 22 April 2014. Accordingly, the balance in the share based payment reserve at 30 June 2014 is $256,199 (2013: Nil).

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

No options have been issued to directors and executives as remuneration during the year.

14. Proceedings 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.

15. Non-Audit Services

The external auditors were not engaged to provide any non-audit services during the financial year ended 30 June 2014 (30 June 2013: Nil).

16. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found in this report.

17. REMUNERATION REPORT – AUDITED

The information provided in the remuneration report includes remuneration disclosures that are required under Australian Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

Principles used to determine the nature and amount of remuneration

The Board determines the appropriate nature and amount of remuneration. The Board ensures that the executive reward satisfies the following criteria for good reward governance practice:

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment of executive remuneration to performance;
- transparency; and
- capital management.

The framework provides a mix of fixed and variable pay.

Non-Executive Directors and executive Director

Fees and payments to Non-Executive Directors and the Executive Director reflect the demands which are made on, and the responsibilities of, the Directors. Non executive Directors' fees and payments are reviewed annually by the Board.

Directors' fees

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum pool limit currently stands at $200,000 per annum.

Retirement allowances

Superannuation contributions required under the Australian superannuation guarantee Legislation are deducted from the Directors' overall fee entitlements

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management for the Consolidated Group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Consolidated Group The contracts for service between the Consolidated Group and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

Mr Glovac, Mr Tassone and Mr Thomas entered Non-Executive Director agreements with the Company on 18 February 2014. Subject to ASX Listing Rule 10.19 and Corporations Act provisions, certain terminations of those agreements entitles them to 1 years worth of fee. There is no requirement in regards to period of notice stipulated in the agreements. Mr Glovac was made executive director of the Company on 14 August 2014. The term of the appointment is for 12 months with an option for a further 12 months, all other terms are materially the same as those in the non-executive appointment.

Mr Kidd entered an Executive Services Agreement (ESA) with the Company on 21 October 2013. There are standard termination provisions for breach of the ESA. If the Company terminates without reason during the Initial Term, the Company must pay Mr Kidd an amount equal to the Base Salary for the remaining portion of the Initial Term. If following the Initial Term the Company terminates the employment of Mr Kidd then the Company must pay Mr Kidd an amount equal to 12 months' Executive Remuneration Package.

Key Management Personnel

Patric Glovac	Managing Director (appointed 9 December 2013)
Stuart Kidd	Executive Director (appointed 9 December 2013, resigned 1 October 2014)
Rocco Tassone	Non-Executive Director (appointed 15 October 2013)
Charles Thomas	Non-Executive Director (appointed 9 December 2013)

Performance income as a proportion of total remuneration

Executive Directors and Executives were not paid performance based bonuses.

Options issued as part of remuneration for the year ended 30 June 2014

There were no options issued as part of remuneration for the year ended 30 June 2014.

<u>The remuneration paid to key management personnel are as follows:</u>

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Consolidated Group.

The benefits and payments are for the full year unless otherwise noted.

Table of Benefits and Payments

		Short-term benefits		Post-employment benefits	Long-term benefits	Termination /Redundancy payment	Total
	Financial Year	Salary, fees and leave	Profit share and bonuses	Pension and super-annuation	LSL		
Group Key Management Personnel (KMP)		**$**	**$**	**$**	**$**	**$**	**$**
Patric Glovac (i)	2014	33,999	-	3145	-	-	37,144
	2013	-	-	-	-	-	-
Stuart Kidd (ii)	2014	87,666	-	8109	-	-	95,775
	2013	-	-	-	-	-	-
Rocco Tassone (iii)	2014	33,999	-	3145	-	-	37,144
	2013	-	-	-	-	-	-
Charles Thomas (i)	2014	33,999	-	3145	-	-	37,144
	2013	-	-	-	-	-	-
Kent Hunter (iv)	2014	-	-	-	-	-	-
	2013	-	-	-	-	-	-
Chris Brooks (v)	2014	-	-	-	-	-	-
	2013	60,000	-	-	-	-	60,000
Trevor Stoney (vi)	2014	-	-	-	-	-	-
	2013	49,039	-	-	-	-	49,039
Nathan Omodei (vii)	2014	-	-	-	-	-	-
	2013	50,000	-	-	-	-	50,000
Craig Milverton	2014	-	-	-	-	-	-
	2013	22,462	-	987	-	55,000*	78,449
Peter Morrison	2014	-	-	-	-	-	-
	2013	79,075	-	1,558	-	-	80,633
Ross Withers	2014	-	-	-	-	-	-
	2013	67,307	-	5,452	-	-	72,759
Robert Melville	2014	-	-	-	-	-	-
	2013	32,317	-	1,558	-	-	33,875
Simon Foley	2014	-	-	-	-	-	-
	2013	132,681	-	11,453	18,658	56,087*	218,879
Total KMP	**2014**	**189,663**	**-**	**17,544**	**-**	**-**	**207,207**
	2013	492,881	-	21,008	18,658	111,087	643,634

* - Redundancy payments

(i) Patric Glovac and Charles Thomas were appointed on 9 December 2013

(ii) Stuart Kidd was appointed on 9 December 2013, and resigned on 1 October 2014.

(iii) Rocco Tassone was appointed on 15 October 2013

(iv) Kent Hunter was appointed on 15 October 2013, drew no fees in the 2014 financial year, and resigned as Director on 9 December 2013

(v) Chris Brooks drew no fees in the 2014 financial year, and resigned as Director on 15 October 2013

(vi) Trevor Stoney drew no fees in the 2014 financial year, and resigned as Director on 9 December 2013

(vii) Nathan Omodei drew no fees in the 2014 financial year, and resigned as Director on 9 December 2013

DIRECTORS REPORT (continued)

Share-based Payments

There were no share-based payments during the year ended 30 June 2014 (2013: Nil).

Related Party Transactions

1) During the period, Applabs executed a Trust Deed with an entity associated with Mr Stuart Kidd (a Director of Applabs). Under the terms of the Deed:

   - Applabs holds a 20% beneficial interest in the rights, entitlements, revenues and benefits that are directly attributable to HomeOpen in trust for the Beneficiary (Ingenius Labs Pty Ltd as trustee for the Kidd Family Trust);
   - Applabs must spend $150,000 on the development, marketing, commercialization and promotion of the Home Open App within the first 12 months of completion of the Business Asset Sale Agreement between Ingenius Labs Pty Ltd, Applabs Australia Pty Ltd and Stuart Kidd (dated 14 October 2013);
   - Once $150,000 is spent, any further expenditure by Applabs on development, marketing, commercialisation and promotion of the Home Open App will be met on the following basis:
     - 20% - Beneficiary
     - 80% - Trustee (Applabs)
   - The Beneficiary's contributions (as outlined above) will accrue and will be set off against any future revenues earned by the Trustee from the commercialisation of the Homeopen App OR proceeds received from the sale of the Homeopen App to a third party (Offset Event).

2) During the year ended 30 June 2014, Syracuse Capital Pty Ltd, a company associated with Mr Rocco Tassone (a director of Applabs) received an amount of $13,463 in relation to consultancy services provided regarding the Company's capital raising activities during the year.
3) During the year ended 30 June 2014, Mounts Bay Investments, a company associated with Mr Charles Thomas (a director of Applabs) received an amount of $12,513 in relation to consultancy services provided regarding the Company's capital raising activities during the year.
4) During the year ended 30 June 2014, Mr Stuart Kidd (a director of Applabs) received an amount of $5,000 in relation to consultancy services provided regarding the Company's capital raising activities during the year.
5) During the year ended 30 June 2014, Mr Patric Glovac (a director of Applabs) received an amount of $13,463 in relation to consultancy services provided regarding the Company's capital raising activities during the year.

KMP Options Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2014	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes **	Balance at end of year	Vested during the year	Vested and exercisable
Patric Glovac **	-	-	-	30,000	-	30,000	30,000
Stuart Kidd **	-	-	-	875,000	-	875,000	875,000
Rocco Tassone **	-	-	-	52,500	-	52,500	52,500
Charles Thomas **	-	-	-	7,500	-	7,500	7,500
Kent Hunter (i)	-	-	-	-	-	-	-
Trevor Stoney (ii)	-	-	-	-	-	-	-
Chris Brooks (iii)	-	-	-	-	-	-	-
Nathan Omodei (iii)	-	-	-	-	-	-	-
Craig Milverton *	-	-	-	-	-	-	-
Ross Withers *	-	-	-	-	-	-	-
Simon Foley *	-	-	-	-	-	-	-

* not employed during the year

** Mr Glovac, Mr Thomas and Mr Tassone were issued shares for cash consideration through applications to the Recompliance Prospectus Public Offer @ $0.20 a share. Mr Kidd was issued Vendor shares at $0.20 per share for non-cash consideration being the acquisition of assets under the Recompliance Prospectus. This change in option holding represents each of the Directors taking up their full entitlement under the non-renounceable pro-rata rights issue prospectus dated 22 April 2014.

(i) Appointed 15 October 2013, resigned 9 December 2013.
(ii) Resigned 9 December 2013.
(iii) Resigned 15 October 2013

During the year, the consolidated entity undertook a 30:1 share consolidation. The KMP holdings for the 2013 comparative period have been retrospectively adjusted to reflect this.

30 June 2013	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes	Balance at end of year	Vested during the year	Vested and exercisable
Patric Glovac *	-	-	-	-	-	-	-
Stuart Kidd *	-	-	-	-	-	-	-
Rocco Tassone *	-	-	-	-	-	-	-
Charles Thomas *	-	-	-	-	-	-	-
Kent Hunter*	-	-	-	-	-	-	-
Trevor Stoney	-	-	-	-	-	-	-
Chris Brooks	-	-	-	-	-	-	-
Nathan Omodei	-	-	-	-	-	-	-
Craig Milverton (iv)	16,667	-	-	(16,667)	-	-	-
Ross Withers (v)	16,667	-	-	(16,667)	-	-	-
Simon Foley (vi)	16,667	-	-	(16,667)	-	-	-

*not employed during the year
(iv) Resigned 14th July 2012
(v) Resigned 28th September 2012.
(vi) Resigned 3 May 2013

The following key management personnel did not hold any options during the 2013 financial year: Henry Thong, Peter Morrison, Robert Melville and Andrew Tusker.

DIRECTORS REPORT (continued)

KMP Shareholdings

The number of ordinary shares by each KMP of the Group during the financial year is as follows:

30 June 2014	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year **	Balance at end of year
Patric Glovac	-	-	-	60,000	60,000
Stuart Kidd	-	-	-	1,750,000	1,750,000
Rocco Tassone	-	-	-	105,000	105,000
Charles Thomas	-	-	-	15,000	15,000
Kent Hunter (i)	-	-	-	1,066	1,066
Trevor Stoney(ii)	846,667	-	-	-	846,667
Chris Brooks	-	-	-	-	-
Nathan Omodei	-	-	-	-	-
Robert Melville*	-	-	-	-	-
Simon Foley *	-	-	-	-	-
Peter Morrison*	-	-	-	-	-

*not employed during the year

** Mr Glovac, Mr Thomas and Mr Tassone were issued shares for cash consideration through applications to the Recompliance Prospectus Public Offer @ $0.20 each. Mr Kidd was issued Vendor shares at $0.20 each for non-cash consideration being the acquisition of assets under the Recompliance Prospectus.

(i) Mr Kent Hunter was appointed 15 October 2013 and resigned on 9 December 2013.
(ii) Mr Trevor Stoney resigned on 9 December 2013.

During the year, the consolidated entity undertook a 30:1 share consolidation. The KMP holdings for the 2013 comparative period have been retrospectively adjusted to reflect this.

30 June 2013	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Patric Glovac *	-	-	-	-	-
Stuart Kidd *	-	-	-	-	-
Rocco Tassone *	-	-	-	-	-
Charles Thomas *	-	-	-	-	-
Kent Hunter*	-	-	-	-	-
Trevor Stoney	423,333	-	-	423,333	846,667
Robert Melville (i)	3,267	-	-	24,855	28,122
Simon Foley (ii)	400	-	-	-	400
Peter Morrison (iii)	-	-	-	66,612	66,612

*not employed during the year

(i) Resigned on 3 August 2012.

(ii) Resigned on 3 May 2013

(iii) Peter Morrison ceased employment on 3 August 2012

The following key management personnel did not hold any shares during the 2013 financial year: Chris Brooks, Nathan Omodei, Craig Milverton, Ross Withers and Andrew Tusker.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

End of Remuneration Report

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Patric Glovac

MANAGING DIRECTOR

Dated this 10th day of October 2014

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the corporate governance of the Consolidated Group. The Board guides and monitors business activities and affairs of the Consolidated Group on behalf of the shareholders by whom they are elected and to whom they are accountable. The Consolidated Group has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with Consolidated Group's needs. The Corporate Governance Statement has been structured with reference to ASX Corporate Governance Council's ("council") "Principles of Good Corporate Governance and Best Practise Recommendations" to the extent that they are applicable to the Consolidated Group.

Information about the Consolidated Group's corporate governance practises are set out below.

Board of Directors

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting.

Board Processes

The Board has established a framework for the management of the entity including a system of internal control, a business risk management process and appropriate ethical standards.

The full Board schedules meetings, including strategy meetings and any extraordinary meetings, as necessary to address any specific significant matters that may arise. The agenda for meetings is prepared in conjunction with the Company Secretary. Standing items include the management report, financial reports, strategic matters, governance and compliance. Submissions are circulated in advance.

The entity is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of separate Board committees, including a Nomination Committee, Remuneration Committee or an Audit Committee. Accordingly, all matters that may be considered by such committees are dealt with by the full Board. Details of the Board's procedures in respect to each of these areas are further outlined within the Corporate Governance Statement below – see Nomination Committee, Remuneration Committee and Audit committee respectively.

Director Education

The Consolidated Group educates new Directors about the nature of the business, current issues, the corporate strategy and the expectations of the entity concerning performance of Directors. Directors also have the opportunity to visit entity facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent Professional Advice and Access to Consolidated Group Information

Each Director has the right of access to all relevant Consolidated Group information and to the Consolidated Group's executives and, subject to prior consultation with the Board, may seek independent professional advice from a suitably qualified adviser at the entity's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Board's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to the Board.

Composition of the Board

The names of the Directors of the Consolidated Group in office at the date of this report are set out in the Directors' Report.

The composition of the Board is determined using the following principles:

- A minimum of three Directors, with a broad range of expertise both nationally and internationally
- Directors having extensive knowledge of the Consolidated Group's industries, and those which do not, have extensive expertise in significant aspects of auditing and financial reporting, or risk management and financing of public companies
- The roles of Chairman and Managing Director are not to be exercised by the same individual.

The Board currently does not have a majority of independent Directors as recommended by the ASX Corporate Governance Council. The Directors consider that, given the current size and stage of development of the Consolidated Group, the current number of independent Directors in the Consolidated Group is appropriate for the effective execution of the Board's responsibilities. The Directors periodically monitor the need to appoint additional independent Directors.

Chairman

No Chairman has been formally appointed currently, with the role of Chair of board meetings rotating by consensus. Any Chairman appointed will be an Independent Director and be selected to bring specific skills and industry experience relevant to the Consolidated Group.

Nomination Committee

The Board considers that a formally constituted Nomination Committee is not appropriate as the Board, as part of its usual role, oversees the appointment and induction process for Directors, and the selection, appointment and succession planning process of the Consolidated Group's executive officers. The Board considers the appropriate skill mix, personal qualities, expertise and diversity of each position. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the skills deemed necessary. The Board identifies potential candidates and may take advice from an external consultant. The Board then appoints the most suitable candidate. Board candidates must stand for election at the next general meeting of shareholders.

The Board continually reviews the effectiveness of the Board, individual Directors, and senior executives. All Directors have an opportunity to contribute to the review process. The reviews generate recommendations to the Board, which votes on them. Directors displaying unsatisfactory performance are required to retire.

Remuneration Committee

The Board considers that a formally constituted Remuneration Committee is not appropriate as the Board, as part of its usual role, oversees the appointment and remuneration of Directors and the Consolidated Group's executive officers. Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally. Remuneration packages include a mix of fixed remuneration, performance-based remuneration, and equity-based remuneration.

The remuneration structures explained below are designed to attract suitably qualified candidates, and to affect the broader outcome of maximising the Consolidated Group's profitability. The remuneration structures take into account:

- Overall level of remuneration for each Director and executive;
- The executive's ability to control the performance of the relevant area; and
- The amount of incentives within each executive's remuneration.

Shares and options can only be issued to Consolidated Group Directors under a resolution at a general meeting of shareholders.

Non Executive Directors may receive a base fee and can be remunerated by way of share and option issues approved under a resolution at a general meeting of shareholders.

The Board has no established retirement or redundancy schemes.

Audit Committee

The Consolidated Group is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Audit Committee. Whilst the Consolidated

Group does not have a formally constituted Audit Committee, the Board, as part of its usual role, undertakes audit related responsibilities including:

- Reviewing the annual and interim financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholders needs;
- Assessing corporate risk assessment processes;
- Assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor provides an annual declaration of independence which is consistent with Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board;
- Addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, Australian Securities Exchange and financial institutions;
- Reviewing the nomination and performance of the external auditor. The external audit engagement partner will be rotated every five years;
- Assessing the adequacy of the internal control framework and the Consolidated Group's code of ethical standards;
- Monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements.

The Directors review the performance of the external auditors on an annual basis.

The Board monitors the need to form an Audit Committee on a periodic basis.

Risk Management

Overview of the Risk Management System

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Consolidated Group's risk profile. This includes assessing, monitoring and managing operational, financial reporting and compliance risks for the Consolidated Group. The Consolidated Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for reporting risk management and associated compliance and controls. Instead, a Director, in accordance with Consolidated Group policy, approves all expenditure, is intimately acquainted with all operations and reports all relevant issues to the other Directors at the Directors' meetings. The company secretary has declared to the Board, that the aforementioned system is working efficiently and effectively. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the entire part of the financial year that the Consolidated Group operated and the period up to the signing of the annual financial report for all material operations in the Consolidated Group.

Risk Profile

The Consolidated Group is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Consolidated Group's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk. Major risks arise from such matters as actions by competitors, government policy changes, difficulties in sourcing raw materials, the robustness of the technologies being used or proposed to be used, environment, occupational health and safety, financial reporting and the purchase, development and use of information systems.

Risk Management, Compliance and Control

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

Practices have been established to ensure:

- Capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled, including the potential use of derivatives;
- Occupational health & safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Business transactions are properly authorised and executed;
- The quality and integrity of personnel (see below);
- Financial reporting accuracy and compliance with the financial reporting regulatory framework (see below); and
- Environmental regulation compliance (see below).

Quality and Integrity of Personnel

The Consolidated Group conducts a comprehensive review of the ability and experience of potential employees prior to appointment. Informal appraisals will be conducted regularly with continuous feedback and on the job monitoring and training for all employees. Formal appraisals will be conducted at least annually for all employees. Training and development and appropriate remuneration and incentives with regular performance reviews will create an environment of co-operation and constructive dialogue with employees and senior management.

Financial Reporting

The Consolidated Group's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Environmental Regulation

The Consolidated Group's operations are subject to significant environmental regulation in relation to its operational activities. The Consolidated Group is committed to achieving a high standard of environmental performance. The Board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

Internal Audit

The Consolidated Group does not have a formally established internal audit function. The Board ensures compliance with the internal controls and risk management procedures previously mentioned.

Ethical Standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Consolidated Group.

Conflict of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Consolidated Group. The Board has developed procedures to assist Directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned is not present at the meeting whilst the item is considered.

Code of Conduct

The Consolidated Group has established a Code of Conduct (Code) which aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the Directors, officers, employees and contractors (collectively, the employees) in carrying out their roles for the Consolidated Group. Through this Code, the Consolidated Group seeks to encourage and develop a culture of professionalism, honesty and responsibility in order to maintain and enhance our reputation as a valued employer, business operator and “corporate citizen”. The Code is designed to broadly outline the ways in which the Consolidated Group wishes to conduct its business. The Code does not cover every possible situation that employees may face, but is intended to provide employees with a guide to taking a common-sense approach to any given situation, within an overall framework.

Trading in the Consolidated Group’s securities by Directors and employees

The Consolidated Group has established a Security Trading Policy that is provided to all Directors and employees on commencement.

The constitution permits Directors to acquire shares in the Consolidated Group. Consolidated Group policy prohibits Directors from dealing in shares whilst in possession of price sensitive information. Directors must notify the company secretary once they have bought or sold shares in the Consolidated Group or exercised options over ordinary shares.

The Trading Policy also covers a “Block Out Period” of 5 days prior to, and one day after the release of the following:

1. Company Annual Financial Report
2. Consolidated Interim Financial Report

3. Company's Quarterly Report

The full Securities Trading Policy can be viewed on the ASX platform.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange, the Consolidated Group on behalf of the Directors must advise the Australian Securities Exchange of any transactions conducted by them in shares and / or options in the Consolidated Group.

Diversity

The Company believes that the promotion of diversity on Boards, in senior management and within the organisation generally:

- broadens the pool for recruitment of high quality Directors and employees;
- is likely to support employee retention;
- through the inclusion of different perspectives, is likely to encourage greater innovation; and
- is socially and economically responsible governance practice.

Currently there are no women employed by the organisation, in senior executive positions, or on the Board. Given the present size of the Consolidated Group, there are no plans to establish measurable objectives for achieving gender diversity at this time. The need for establishing and assessing measurable objectives for achieving gender diversity will be re-assessed as the size of the Consolidated Group increases.

Communication with Shareholders

The Board has formally documented the Consolidated Group's continuous disclosure procedures and established a Compliance policy. The Board, as part of its usual role, provides shareholders with information using comprehensive continuous disclosure processes which includes identifying matters that may have a material effect on the price of the Consolidated Group's securities, notifying them to the ASX and issuing media releases.

In summary, the continuous disclosure processes operate as follows:

- The company secretary are responsible for all communications with the ASX. Matters that may have an effect on the price of the Consolidated Group's securities are advised to the ASX on the day they are discovered. Senior executives monitor all areas of the Consolidated Group's internal and external environment;

- The full annual financial report is made available to all shareholders, and includes relevant information about the operations of the Consolidated Group during the year, changes in the state of affairs and details of future developments;

- The half-yearly report contains summarised financial information and a review of the operations of the Consolidated Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it;

- Proposed major changes in the Consolidated Group which may impact on share ownership rights are submitted to a vote of shareholders;

- All announcements made to the market, and related information (including information provided to analysts and the media), are released to the ASX; and

- The external auditor attends the Annual General Meeting to answer any questions concerning the audit and the content of the Auditor's Report.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Consolidated Group's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors and changes to the constitution. Copies of the constitution are available to any shareholder on request.

Crowe Horwath

AUDITOR'S INDEPENDENCE DECLARATION

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

(a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Crowe Horwath Perth

Crowe Horwath Perth

Cyrus Patell
Partner

Signed at Perth this 10th day of October 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the year ending 30 June 2014

	Note	2014 $	2013 $
Continuing operations:			
Sales Revenue	2	185,723	129,465
Other income	2	25,763	931,855
Agronomic costs	3	-	(232,197)
Share of profits/losses from Associates using the equity method	14	(28,527)	-
Fair value movement on financial assets	10	66,800	-
Operating expenses	3	(1,501,655)	(3,287,933)
Research Costs		(209,492)	-
Depreciation and amortisation expense	3	(410,384)	(47,681)
Finance costs	3	-	(25,320)
Loss before income tax		**(1,871,772)**	(2,531,811)
Income tax expense	4	-	-
Loss from continuing operations		**(1,871,772)**	(2,531,811)
Discontinued operations:			
Profit on sale of subsidiaries	5b,5f,5d	32,399	-
(Loss)/ gain from discontinued operations	5a,5c,5e	(59,587)	-
Profit on sale of subsidiaries	5h	-	7,564,183
(Loss)/gain from discontinued operations	5g	-	177,957
Income tax expense		-	-
(Loss)/profit from discontinued operations	5	**(27,188)**	7,742,140
Net profit/(loss) for the period attributable to the members of the entity		(1,898,960)	5,210,329
Other comprehensive income	10	83,368	-
Total comprehensive income/(loss) attributable to members of the entity		**(1,815,592)**	5,210,329
Basic profit/(loss) per share (cents per share)	6	(2.86)	120.30
Diluted profit/(loss) per share (cents per share)		(2.86)	120.30
From continuing operations:			
Basic (loss) per share (cents per share)	6	(2.82)	(58.50)
Diluted (loss) per share (cents per share)		(2.82)	(58.50)
From discontinued operations:			
Basic profit per share (cents per share)	6	(0.04)	178.80
Diluted profit per share (cents per share)		(0.04)	178.80

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	4,974,394	814,966
Trade and other receivables	9	183	57,509
Other assets		-	50,865
Total Current Assets		4,974,577	923,340
Non-Current Assets			
Property, plant and equipment		59,399	61,418
Intangibles	11	810,962	-
Investments accounted for using the equity method	14	321,473	-
Financial assets at fair value through the profit or loss	10(b)	290,533	-
Financial assets at fair through other comprehensive income	10(a)	486,882	-
Other Non-Current Assets	12	50,387	-
Total Non-Current Assets		2,019,636	61,418
Total Assets		6,994,213	984,758
LIABILITIES			
Current Liabilities			
Trade and other payables	15	143,008	284,706
Provisions	16	18,340	45,824
Total Current Liabilities		161,348	330,530
Total Liabilities		161,348	330,530
Net Assets		6,832,865	654,228
EQUITY			
Issued capital	17	24,815,147	17,077,117
Reserves	18	339,567	-
Accumulated losses		(18,321,849)	(16,422,889)
Total Equity		6,832,865	654,228

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Share Capital Ordinary	Option Reserve	Financial Asset Reserve	Accumulated Losses	Total
Balance at 1 July 2012	18,009,081	-	-	(22,565,182)	(4,556,101)
Total comprehensive profit / (loss)					
Profit for the period attributable to members of the entity	-	-	-	5,210,329	5,210,329
Transactions with owners in their capacity as owners					
Share buy-back	(931,964)	-	-	931,964	-
Balance at 30 June 2013	17,077,117	-		(16,422,889)	654,228
Balance at 1 July 2013	17,077,117	-	-	(16,422,889)	654,228
Total comprehensive profit / (loss)					
Loss for the period attributable to members of the entity	-	-	-	(1,898,960)	(1,898,960)
Other Comprehensive Income	-	-	83,368	-	83,368
Transactions with owners in their capacity as owners					
Rights issue options	-	256,199	-	-	256,199
Issue of shares net of costs	7,738,030	-	-	-	7,738,030
Balance at 30 June 2014	24,815,147	256,199	83,368	(18,321,849)	6,832,865

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 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		244,367	1,819,133
Payments to suppliers and employees		(1,726,507)	(12,242,881)
Interest received		25,763	250,243
Finance costs		(1,138)	(83,029)
Net cash (used in) operating activities	21	(1,457,515)	(10,256,534)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of subsidiaries		30,339	1,868,167
Purchase of property, plant and equipment		(55,649)	(14,929)
Payments for financial assets		(986,527)	-
Loans to related parties / group companies		-	(226,331)
Net cash (used in)/provided by investing activities		(1,011,837)	1,626,907
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares net of transaction costs		6,628,780	-
Proceeds from borrowings		-	4,349,340
Repayment of borrowings		-	(786,643)
Net cash provided by financing activities		6,628,780	3,562,697
Net increase/(decrease) in cash and cash equivalents		4,159,428	(5,066,930)
Cash and cash equivalents at beginning of the year		814,966	5,881,896
Cash and cash equivalents at end of the-year	**8**	4,974,394	814,966

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

Applabs Technologies Ltd (**Parent Entity** or **Company**) is a company domiciled in Australia. Applabs Technologies Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of Applabs Technologies Ltd for the year ended 30 June 2014 comprise the Company and its subsidiaries (**Consolidated Entity** or **Group**).

Note 1: Statement of Significant Accounting Policies

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Early adoption of standards.
The group has elected to apply AASB 9 Financial Instruments as issued in December 2010 and amended by AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) from 30 June 2014, because the new accounting policies provide more reliable and relevant information for users to assess the amounts, timing and uncertainty of future cash flows associated with relevant financial instruments.

The group has further adopted the revisions to AASB 9 in AASB 2013- 9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments from 30 June 2014. The adoption of this Standard has no impact on the valuation of the Group's investments and therefore has no impact on the Group's net assets. The adoption of the revised AASB 9 did not affect the group's accounting for its financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 10 Consolidated Financial Statements
The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. This standard had no impact on the Group's results.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. This standard had no impact on the Group's results.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used. This standard had no impact on the Groups results.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).

The consolidated entity has applied AASB 119 and its consequential amendments from 1 July 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from ‘due to’ to ‘expected to’ be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken. This standard had no material impact on the Group’s results.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

The consolidated entity has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures. This standard had no impact on the group results.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations, issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The separate financial statements of the parent entity, have not been presented within this financial report as permitted by amendment to the Corporations Act 2001, effective as at 28 June 2011.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets.

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by all entities in the Group.

(a) Principles of Consolidation

i. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries of Applabs Technologies Ltd as at and at the end of the reporting period.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit and loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

ii. Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(b) Income Tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities/ (assets) are therefore measured at the amounts expected to be paid to/ (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/ (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set- off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

(d) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss and Other Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Entity commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Office Equipment	20 - 40%
Fixtures and Fittings	20%

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 included in the Statement of Profit and Loss and Other Comprehensive Income.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Consolidated Entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Foreign currency translation

The financial statements are presented in Australian dollars, which is the Consolidated Entity's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(g) Financial Assets

As from 1 July 2013 the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other revenue when the group's right to receive payments is established and as long as they represent a return on investment. This treatment has been selected as the equity investments in Liberty Resources Ltd

(ASX: LB4), Just.me 2014, Context Plane Inc and Positiv Flo Pty Ltd are deemed to be strategic equity investments.

(h) Intangible assets

An intangible asset arising from externally acquired intellectual property and development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

The finite life intangible assets of the consolidated entity are amortised over their respective useful lives which are as follows:

- Business names and Domain names – 3 years
- Trademarks – 2 years
- Copyright – 2 years
- Patents – 1 year
- Mobile Applications and Other Source Code – 2 years

(i) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and assumes that the transaction will take place either in the principal market, or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. Where there is significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(j) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit and Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(k) Employee Benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled and are classified as current. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. If the Group has the unconditional right to defer settlement of the liability, it is disclosed as non-current. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(m) Cash and Cash Equivalents

Cash and cash equivalents include deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(n) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefit will flow to the consolidated entity. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue from major business activities up to and including the 15 October 2012 (when AACL Holdings Ltd disposed of its subsidiary AACL Pty Ltd) and 25 October 2013 (when AACL Holdings Ltd disposed of its subsidiaries AACL Services Pty Ltd, AACL Funds Management Ltd and AACL Wholesale Pty Ltd) included: revenue earned from the provision of services, including management of the Grain Co-Production Projects and the marketing and sale of grain and revenue earned from the sale of grain. From 25 October 2013, the consolidated entity generated its revenue from APP Development Services.

i. Sale of goods

Revenue from sale of goods is recognised when the risks and rewards of the ownership of goods are transferred to the customer. This occurs upon delivery of the goods. In the case of grain sales, the delivery date is taken as the transaction date. Revenue earned on grain sales made to grain pools was recognised on receipt of distributions from the pool, which occurred approximately four times per annum. Due to uncertainties on price and total pool sales data, it is only at this point that grain pool revenue could be reliably measured.

ii. Services

Revenue from a contract to provide a service is recognised as and when the service is provided. Amounts billed in advance are recorded as a current liability until such time as the service is performed.

iii. App Development Services Income

Revenue is recognised by reference to the stage of completion of services provided.

iv. Other revenue

Other revenue includes rental income which is recognised on a straight-line basis over the lease term, interest income which is recognised on a time proportion basis using the effective interest rate method and dividends which are recognised when the right to receive payment is established.

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

(o) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(p) Goods and Services Tax (GST)

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

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

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. AACL Pty Ltd has been treated as a discontinued operation as result of the sale of AACL Pty Ltd on 15 October 2012. The operations of AACL Services Pty Ltd, AACL Funds Management Ltd and AACL Wholesale Pty Ltd have been treated as discontinued operations as a result of their sale on 25 October 2013. The results of discontinued operations are presented separately in Note 5.

(s) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, the fair value of those instruments at the original issue date of the instruments is deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit and loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(t) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to the owners of Applabs Technologies Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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.

(u) Critical Accounting Estimates and Judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenues and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to th entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(v) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014 except as previously disclosed. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity is set out below.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off', and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 have yet to be assessed by the consolidated entity as to their impact.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity in future periods.

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9

'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments from 1 July 2014 have yet to be assessed by the consolidated entity as to their impact.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and affects four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments from 1 July 2014 have yet to be assessed by the consolidated entity as to their impact.

Note 2: Revenue and Other Income

		2014 $	2013 $
Sales revenue			
— App Development Services		185,723	-
— AACL Holdings Agricultural Income*		-	129,465
		185,723	129,465
Other Income			
— interest received		25,763	235,312
— AACL Holdings Agricultural Activities*		-	696,543
		25,763	931,855
Total Revenue and Other Income		211,486	1,061,320

* This relates to the discontinued agricultural activities of AACL Holdings Ltd before the change in nature and scale of activities and change of name approved by shareholders on 21 November 2013.

Note 3: Expenses

Agronomic costs		
Other agronomic costs	-	232,197
Agronomic costs	-	232,197
Finance Costs		
Interest expense on borrowings	-	14,435
Other finance costs	-	10,885
Finance costs expensed	-	25,320
Depreciation and amortisation expense		
Plant and Equipment		
- Depreciation expense	20,620	47,681
Intangibles		
- Amortisation expense	389,764	-
Total depreciation and amortisation expense	410,384	47,681
Rental expense on operating leases	-	12,420
Operating expenses		
Administration expense	261,264	671,317
Compliance and regulatory expense	342,338	235,110
Consultancy expense	78,475	350,823
Marketing expense	12,619	18,547
Occupancy expense	137,453	259,031
Travel expense	136,819	18,797
Directors' benefit expense	77,550	159,039
Employee benefits expense	455,137	1,575,269
	1,501,655	3,287,933

Note 4: Income Tax

The consolidated entity has received advice that despite the change in nature and scale of its activities, the Continuity of Ownership Test would be satisfied at 30 June 2014 for tax losses carried forward in relation to the 30 June 2013 year but not for the prior tax years. Accordingly, the tax losses incurred in the 30 June 2013 tax year of $1,074,955 are available at 30 June 2014 for future utilisation with $276,377 being unavailable for future utilisation. Capital losses incurred in the 30 June 2013 tax year of $14,576,169 are still available for carry forward into future reporting periods.

	2014 $	2013 $
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Profit/(Loss) Before Income Tax	(1,871,772)	(2,531,811)
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)	(561,532)	(759,544)
Add:		
Tax Effect of:		
-entertainment	725	-
-other	72,060	(2,269,256)*
-Deferred Tax Assets on losses not recognised	560,834	-
-Deferred Tax Assets on temporary differences not recognised	(72,087)	3,028,800
Income tax expense	**0**	**0**
The applicable weighted average effective tax rates are as follows:	0%	0%

* Income not subject to income tax for 2013 relates to the gain on the sale of AACL Pty Ltd.

Note 5(a): Discontinued Operation – Sale of Subsidiary

AACL Holdings Ltd owned 100% of the issued shares of AACL Services Pty Ltd. On 25 October 2013, AACL Holdings Ltd entered into an agreement to sell 100% of its interest in its wholly owned subsidiary, AACL Services Pty Ltd. The receipt of funds and the transfer of shares occurred on 25 October 2013.

Financial information relating to AACL Services Pty Ltd to the date of disposal is set out below.

The financial performance of AACL Services Pty Ltd to the date of sale which is included in profit/(loss) from discontinued operations per the Statement of Profit and Loss and Other Comprehensive Income is as follows:

	1 July 2013 to 25 October 2013 $	1 July 2012 to 30 June 2013 $
Revenue	-	-
Other income	-	365,512
Agronomic costs	-	(190,683)
Operating expenses	(57,809)	(1,919,193)
Depreciation	-	(47,681)
Finance costs	(529)	(11,625)
Loss before income tax	**(58,338)**	**(1,803,670)**
Income tax benefit/(expense)	-	-
Loss from discontinued operations	**(58,338)**	**(1,803,670)**

The net cash flows of the discontinued subsidiary which have been incorporated into the statement of cash flows are as follows:

Net cash used in operating activities	**(58,338)**	(**1,803,670**)
Net cash provided by//(used in) investing activities	**-**	-
Net cash provided by/(used in) financing activities	**-**	-
Net decrease in cash from discontinued operations	**(58,338)**	**(1,803,670)**

Note 5(b): Discontinued Operation – Sale of Subsidiary

The carrying amount of assets and liabilities of AACL Services Pty Ltd as at the date of sale were:

	At 25 October 2013 $
ASSETS	
Current Assets	
Cash and cash equivalents	1,245
Trade and other receivables	323,290
Total Current Assets	**324,535**
Total Assets	**324,535**
LIABILITIES	
Current Liabilities	
Trade & Other Payables	(196,364)
Borrowings	(162,526)
Total Current Liabilities	**(358,890)**
Total Liabilities	**(358,890)**
Net Liabilities	**(34,355)**

Details of the sale of the discontinued subsidiary are as follows:

Sale price for discontinued subsidiary	100
Total consideration received at settlement	**100**
Add: Carrying amount of net liabilities disposed	34,355
Profit on sale of discontinued subsidiary	34,455
Income tax expense	-
Profit on sale of discontinued subsidiary after income tax	34,455

The sale of AACL Services Pty Ltd has resulted in a capital profit of $34,455 and accordingly, no income tax liability arises on the sale. Deferred tax assets have not been recognised on the capital loss due to the uncertainty of future taxable capital profits to utilise the deferred tax asset.

Note 5(c): Discontinued Operation – Sale of Subsidiary

AACL Holdings Ltd owned 100% of the issued shares of AACL Funds Management Ltd. On 25 October 2013, AACL Holdings Ltd entered into an agreement to sell 100% of its interest in its wholly owned subsidiary, AACL Funds Management Ltd. The receipt of funds and the transfer of shares occurred on 25 October 2013.

Financial information relating to AACL Funds Management Ltd to the date of disposal is set out below.

The financial performance of AACL Funds Management Ltd to the date of sale which is included in profit/(loss) from discontinued operations per the Statement of Comprehensive Income is as follows:

	1 July 2013 to 25 October 2013 $	1 July 2012 to 30 June 2013 $
Revenue	-	-
Other income	43,504	379,337
Agronomic costs	-	(26,187)
Operating expenses	(44,693)	(185,128)
Finance costs	(60)	(171)
Profit/(loss) before income tax	**(1,249)**	**167,850**
Income tax benefit/(expense)	-	-
Profit/(loss) from discontinued operations	**(1,249)**	**167,850**

The net cash flows of the discontinued subsidiary which have been incorporated into the statement of cash flows are as follows:

Net cash (used in)/provided by operating activities	(1,249)	112,961
Net cash provided by/(used in) investing activities	-	-
Net cash provided by/used in) financing activities	-	-
Net (decrease)/ increase in cash from discontinued operations	**(1,249)**	**112,961**

Note 5(d): Discontinued Operation – Sale of Subsidiary

The carrying amount of assets and liabilities of AACL Funds Management Ltd as at the date of sale were:

	At 25 October 2013 $
ASSETS	
Current Assets	
Cash and cash equivalents	257,864
Trade and other receivables	-
Inventories	-
Total Current Assets	**257,864**
Total Assets	**257,864**
LIABILITIES	
Current Liabilities	
Trade & Other Payables	17,864
Total Current Liabilities	**17,864**
Total Liabilities	**17,864**
Net Assets	**240,000**

Details of the sale of the discontinued subsidiary are as follows:

Sale price for discontinued subsidiary	240,000
Total consideration received at settlement	**240,000**
Less: Carrying amount of net assets disposed	240,000
Gain on sale of discontinued subsidiary	**-**
Income tax expense	-
Gain on sale of discontinued subsidiary after income tax	**-**

The sale of AACL Funds Management Ltd has resulted in no capital loss nor gain and accordingly, no income tax liability arises on the sale. Deferred tax assets have not been recognised on the capital loss due to the uncertainty of future taxable capital profits to utilise the deferred tax asset.

Note 5(e): Discontinued Operation – Sale of Subsidiary

AACL Holdings Ltd owned 100% of the issued shares of AACL Wholesale Pty Ltd. On 25 October 2013, AACL Holdings Ltd entered into an agreement to sell 100% of its interest in its wholly owned subsidiary, AACL Wholesale Pty Ltd. The receipt of funds and the transfer of shares occurred on 25 October 2013.

Financial information relating to AACL Wholesale Pty Ltd to the date of disposal is set out below.

The financial performance of AACL Wholesale Pty Ltd to the date of sale which is included in profit/(loss) from discontinued operations per the Statement of Comprehensive Income is as follows:

	1 July 2013 to 25 October 2013 $	1 July 2012 to 30 June 2013 $
Revenue	-	-
Other income	30	-
Agronomic costs	-	-
Operating expenses	-	(41,604)
Finance costs	(30)	(120)
Profit/(loss) before income tax	**-**	**(41,724)**
Income tax benefit/(expense)	-	-
Profit/(loss) from discontinued operations	**-**	**(41,724)**

The net cash flows of the discontinued subsidiary which have been incorporated into the statement of cash flows are as follows:

Net cash (used in) operating activities	-	(120)
Net cash provided by/used in) investing activities	-	-
Net cash provided by/used in) financing activities	-	-
Net (decrease)/ increase in cash from discontinued operations	**-**	**(120)**

Note 5(f): Discontinued Operation – Sale of Subsidiary

The carrying amount of assets and liabilities of AACL Wholesale Pty Ltd as at the date of sale were:

	At 25 October 2013 $
ASSETS	
Current Assets	
Cash and cash equivalents	100
Trade and other receivables	2,058
Inventories	-
Total Current Assets	**2,158**
Total Assets	**2,158**
LIABILITIES	
Current Liabilities	
Trade & Other Payables	(2)
Total Current Liabilities	**(2)**
Total Liabilities	**(2)**
Net Assets	**2,156**

Details of the sale of the discontinued subsidiary are as follows:

Sale price for discontinued subsidiary	100
Total consideration received at settlement	**100**
Less: Carrying amount of net assets disposed	(2,156)
Loss on sale of discontinued subsidiary	**(2,056)**
Income tax expense	-
Loss on sale of discontinued subsidiary after income tax	**(2,056)**

The sale of AACL Wholesale Pty Ltd has resulted in a capital loss of $2,056 and accordingly, no income tax liability arises on the sale. Deferred tax assets have not been recognised on the capital loss due to the uncertainty of future taxable capital profits to utilise the deferred tax asset.

Note 5(g): Discontinued Operation – Sale of Subsidiary

AACL Holdings Ltd owned 100% of the issued shares of AACL Pty Ltd. On 9 September 2012, AACL Holdings Ltd entered into an agreement to sell 100% of its interest in its wholly owned subsidiary, AACL Pty Ltd. The sale was approved by shareholders on 11 October 2012 and receipt of funds and transfer of shares occurred on 15 October 2012.

Financial information relating to AACL Pty Ltd to the date of disposal is set out below.

The financial performance of AACL Pty Ltd to the date of sale which is included in profit/(loss) from discontinued operations per the Statement of Profit or Loss and Other Comprehensive Income is as follows:

	1 July 2012 to 15 October 2012 $	1 July 2011 to 30 June 2012 $
Revenue	-	28,828,821
Other income	253,095	30,299
Agronomic costs	(5,344)	(26,744,638)
Operating expenses	(9,811)	(15,128)
Fair value loss on disposal of financial assets	-	(2,442,532)
Finance costs	(59,983)	-
Profit/(loss) before income tax	**177,957**	**(343,178)**
Income tax benefit/(expense)	-	-
Profit/(loss) from discontinued operations	**177,957**	**(343,178)**

The net cash flows of the discontinued subsidiary which have been incorporated into the statement of cash flows are as follows:

	1 July 2012 to 15 October 2012 $	1 July 2011 to 30 June 2012 $
Net cash (used in) operating activities	(8,848,189)	(21,939,225)
Net cash from/(used in) investing activities	-	51,738,993
Net cash from/(used in) financing activities	3,562,697	(23,010,820)
Net (decrease)/ increase in cash from discontinued operations	**(5,285,492)**	**6,788,948**

Note 5(h): Discontinued Operation – Sale of Subsidiary (continued)

The carrying amount of assets and liabilities of AACL Pty Ltd as at the date of sale were:

	15 October 2012 $
ASSETS	
Current Assets	
Cash and cash equivalents	100
Trade and other receivables	2,902,565
Inventories	24,932,764
Total Current Assets	**27,835,429**
Total Assets	**27,835,429**
LIABILITIES	
Current Liabilities	
Borrowings	33,531,445
Total Current Liabilities	**33,531,445**
Total Liabilities	**33,531,445**
Net Liabilities	**5,696,016**

Details of the sale of the discontinued subsidiary are as follows:

	$
Sale price for discontinued subsidiary	8,500,000
Less: net debt reduction amount calculated in accordance with share sale and purchase agreement	(6,631,833)
Total consideration received at settlement	**1,868,167**
Plus carrying amount of net liabilities disposed	5,696,016
Gain on sale of discontinued subsidiary	**7,564,183**
Income tax expense	-
Gain on sale of discontinued subsidiary after income tax	**7,564,183**

Note 6: Earnings per Share

During the year, the consolidated entity undertook a 30:1 share consolidation. In accordance with *AASB 133: Earnings Per Share*, the basic and diluted earnings per share for the 2013 comparative period have been retrospectively adjusted to reflect this.

	2014 $	2013 $
Earnings used to calculate basic/diluted earnings per share (continued and discontinued operations)	(1,898,960)	5,210,329
Earnings used to calculate basic/diluted earnings per share (continued operations)	(1,871,772)	(2,531,811)
Earnings used to calculate basic/diluted earnings per share (discontinued operations)	(27,188)	7,742,140
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	66,361,317	4,333,048
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive earnings per share	66,361,317	4,333,048

As at 30 June 2013 and 30 June 2014, none of the outstanding options were dilutive as the weighted average exercise price of the options were higher than the weighted average share price for the year.

Note 7: Auditors' Remuneration

Remuneration of the auditor of the Parent Entity for:		
- Auditing or reviewing the financial statements	65,000	51,400
- Other services	-	-
	65,000	51,400

Note 8: Cash and Cash Equivalents

Cash at bank	4,974,394	814,966

The effective interest rate on short-term bank deposits was 1.08% (2013: 2.60%)

Note 9: Trade and Other Receivables

Trade receivables and prepayments	183	42,899
Other receivables	-	14,610
Total current trade and other receivables	183	57,509

Note 10: Financial Assets – Non Current

(a) Financial assets at fair value through other comprehensive income include the following:

	2014 $	2013 $
Listed equity securities	333,468	-
Unlisted equity securities (i)	42,450	-
Investments under a Simple Agreement for Future Equity (SAFE) (ii)	110,964	-
	486,882	**-**

(i) During the year, the Company entered into a Contractual Agreement with Positiv Flo Pty Ltd to assist with the development of various Apps to be used on iPhones, iPads and Android devices. As part of this agreement, the Company obtained a 5% equity interest in Postiv Flo Pty Ltd in lieu of services performed, to the value of $42,450.

(ii) Relates to an investment of US$50,000 (A$55,482) in each of US based companies Just.me 2014 Inc and Context Plane Inc.

Reconciliation of the fair values at the beginning and end of the current financial year are:

Opening fair value	-	**-**
Additions	403,514	-
Fair value increment recognised in Other Comprehensive Income	83,368	-
Closing fair value	**486,882**	**-**

(b) Financial assets at fair value through the profit and loss include the following:

Convertible Promissory Notes	290,533	-

During the year, the Company entered into an Investment and Stock Transfer Agreement (ISTA) with MPPAPPS Inc (xTV). The key terms and conditions of this agreement are as follows:

- In consideration for the transfer of USD$200,000 cash, xTV will issue Applabs a convertible promissory note, convertible at some point in time in the future (which will be a minimum of 12 months, at which time it is able to be called); and
- Applabs to issue USD$200,000 worth of Applabs shares at a deemed price of A$0.23 per share, in exchange for USD$200,000 worth of xTV shares at a deemed issue price of USD$1.49 per share. This transfer of stock is to occur within 6 weeks of the Completion Date of the ISTA.

At year end the Completion Date has yet to be determined by the parties involved. No shares were transferred by either xTV or Applabs prior to 30 June 2014. This transfer occurred subsequent to year end. Refer Note 28 Subsequent Events.

Reconciliation of the fair values at the beginning and end of the current financial year are:

	2014 $	2013 $
Opening fair value	-	**-**
Additions	223,733	-
Fair value increase	66,800	-
Closing fair value	**290,533**	**-**

Note 11: Intangible Assets

	2014	2013
At Cost		
Opening Balance:	-	-
Acquisitions during the period:		
Business names and Domain names	350,000	-
Trademarks Copyright and Patents	50,000	-
Mobile Applications and Other Source Code	800,726	-
	1,200,726	-
Accumulated Amortisation	(389,764)	-
Closing Balance	**810,962**	**-**

On 15 October 2013 AACL Holdings Ltd announced a binding agreement to acquire 100% of the shares of Applabs Australia Pty Ltd (Applabs) through the issue of ordinary shares in AACL Holdings Ltd. The transaction was deemed to be an acquisition of assets rather than a business combination. Accordingly, the requirements of AASB 3 – Business Combinations, was not applied to this transaction.

Note 12: Other Non-Current Assets

	2014	2013
Security deposit for office premises	50,387	-

Note 13: Interests in Subsidiaries

	Country of Incorporation	Percentage Owned (%)	
Subsidiaries of Applabs Technologies Ltd		2014	2013
Applabs Australia Pty Ltd	Australia	100	0
Applabs Technologies LLC	USA	100	0
AACL Pty Ltd	Australia	0	0
AACL Wholesale Pty Ltd	Australia	0	100
AACL Services Pty Ltd	Australia	0	100
AACL Funds Management Ltd	Australia	0	100
AACL Fertiliser Pty Ltd	Australia	0	100

* Percentage of voting power is in proportion to ownership.

Note 14: Investments accounted for using the equity method

Applabs Technologies Ltd (the Company) acquired a 25% interest in Roster Elf Pty Ltd during the year. Roster Elf Pty Ltd has developed an online staff rostering application for commercial use. Roster Elf Pty Ltd is a private entity that is not listed on any public exchange. The Company's interest in Roster Elf Pty Ltd is accounted for using the equity method in the consolidated financial statements on the basis that the Group holds a 25% voting interest in Roster Elf Pty Ltd and occupies 1 out of 3 Board positions. Accordingly, Applabs is considered to exert "significant influence" over Roster Elf Pty Ltd and has accounted for its investment under AASB 128.

Summarised Statement of Financial Position	2014 $
Current assets	299,405
Non-current assets	118,530
Current liabilities	(4,288)
Net Assets	**413,647**

Summarised Statement of Profit and Loss and Other Comprehensive Income	2014 $
Revenue	7,793
Expenses	(121,901)
(Loss) before tax	**(114,108)**
Income tax expense	-
Total Comprehensive Income	**(114,108)**

Reconciliation of Consolidated Entity's carrying amount of investment	2014 $
Opening carrying value	-
Additions at cost (i)	350,000
Share of loss after tax	(28,527)
Closing carrying value	**321,473**

(i) In accordance with the terms of the Binding Option Agreement between the Company and Roster Elf Pty Ltd, the 25% equity interest obtained was to be satisfied by:

a. The payment of $250,000 in cash; and
b. The issue of $100,000 worth of Applabs ordinary shares to two shareholders of Roster Elf Pty Ltd. Each of these shareholders were to receive 215,983 fully paid ordinary shares in Applabs at an issue price of $0.2315 per share. These shares (totalling 431,966) were issued on 10 March 2014.

Note 15: Trade and Other Payables

	2014 $	2013 $
Trade payables	103,018	86,324
Sundry payables and accrued expenses	636	192,310
Employee benefits	39,354	6,072
	143,008	284,706

Note 16: Provisions

Employee annual leave – current	18,340	12,937
Employee redundancy - current	-	32,887
	18,340	45,824

Note 17: Issued Capital

42,426,971 (2013: 122,854,533) fully paid ordinary shares	24,815,147	17,077,117
	24,815,147	17,077,117

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

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

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

	2014		2013	
Reconciliation of shares on issue	Number	$	Number	$
Balance at 1 July	122,854,533	17,077,117	147,200,001	18,009,081
Shares redeemed during the year	-	-	(24,345,468)	(931,964)
Apply 30:1 consolidation pursuant to 21 Nov 2013 AGM Balance after reconstruction	4,095,005	-	-	-
Vendor shares - Applabs/Ingenius @ $0.20	6,000,000	1,200,000	-	-
Recompliance Prospectus Public Offer @ $0.20	15,000,000	3,000,000	-	-
Roster Elf consideration - @ $0.23	431,966	100,000	-	-
Tranche1 placement under Listing Rule 7.1 $0.23	3,090,500	710,815	-	-
Tranche1 placement under Listing Rule 7.1A $0.23	2,509,500	577,185	-	-
Tranche2 placement $0.23	10,113,043	2,326,000	-	-
Tranche2 shortfall $0.23	1,086,957	250,000	-	-
Placement under Listing Rule 7.1 $0.23	100,000	23,000	-	-
Capital raising costs	-	(448,970)	-	-
Balance at 30 June	42,426,971	24,815,147	122,854,533	17,077,177

Reconciliation of options on issue	2014 Number	2013 Number
Balance at beginning of period	111,667	924,167
Granted during the year	25,619,920 (i)	-
Expired during the year	(111,667) (ii)	(812,500)
Balance at 30 June 2014	25,619,920	111,667

(i) Listed options issued at $0.01 exercisable by 21 May 2016 at $0.25

(ii) Expired1 March 2014 with an exercise price of $4.20

a. Capital Management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 18: Reserves

Option Reserve:

This reserve records items recognised as an expense on the issue of options.

Financial Assets Reserve:

This reserve records movements in fair value of financial assets, accounted for under AASB 9.

Note 19: Contingent Liabilities and Contingent Assets

On 1 October 2014 Mr Stuart Kidd informed the Board of his immediate resignation. Mr Kidd has not yet given formal notice under the terms of his employment agreement. The Company is taking further advice in relation to whether any amounts may become payable to Mr Kidd under the terms attached to his employment.

There were no other contingent liabilities or contingent assets at year end.

Note 20: Capital and Leasing Commitments

	2014 $	2013 $
Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Not later than 1 year	94,593	169,525
Later than 1 year and not later than 5 years	-	81,371
Greater than 5 years	-	-
	94,593	250,896

The remaining operating lease is for the building. The company's accommodation requirements expire 31 December 2014 under the current lease.

The Group has no capital commitments at year end.

Note 21: Cash Flow Information

a) Reconciliation of Cash Flow from Operations with Profit/(Loss) after Income Tax

	2014 $	2013 $
Profit / (loss) after income tax	(1,898,960)	5,210,329
Non-cash flows in profit / (loss):		
- Net (profit) / loss on disposal of investments	-	(7,848,391)
- Loss on sales of subsidiaries	27,188	-
- Depreciation and amortisation expense	410,384	47,681
- Fair value movement	(66,800)	-
- Other non cash movements	71,618	(233,595)
Share based payment	23,000	-
Loss on disposal of plant & equipment	37,046	-
Bad and doubtful debts	-	(97,265)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
- (Increase)/decrease in trade and term receivables	108,191	934,725
- Decrease/(increase) in trade payables and accruals	(141,698)	(8,269,734)
- Decrease/(increase) in provisions	(27,484)	(104,485)
- (Increase)/decrease in other assets	-	75,545
- (Increase)/decrease in inventories	-	28,656
Cash flows used in operating activities	(1,457,515)	(10,256,534)

b) Non Cash Financing and Investing Activities

Shares issued as part of acquisition of Roster Elf Pty Ltd (Note 14)	100,000	-
Equity interest received in lieu of services performed for Positiv Flo Pty Ltd (Note 10(a))	42,450	-
Shares issued for the acquisition of Ingenius Labs Pty Ltd and Applabs Australia Pty Ltd (Note 11)	1,200,000	-

Note 22: Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out under policies approved by the Board of Directors ("the Board"). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the entity's functional currency. However, given a majority of the Group's transactions are denominated in Australian dollars, the impact of foreign currency risk is not seen as significant.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk as it has no external borrowings.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The credit risk on liquid funds is limited because the Consolidated Entity banks with the major trading banks in Australia which have a high credit rating.

Liquidity risk

Liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows.

Note 23: Fair value measurement

Fair value hierarchy
The following table details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3: Unobservable inputs for the asset or liability.

Consolidated 2014

	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Financial assets at fair value through profit or loss	-	290,533	-	290,533
Financial Assets at fair value through OCI	333,468	-	153,414	486,882
TOTAL ASSETS	333,468	290,533	153,414	777,415

Consolidated 2013

	Level 1 $	Level 2 $	Level 3 $	Total $
TOTAL ASSETS	-	-	-	-

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

There were no transfers between levels during the year.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3
Unquoted investments have been valued using market corroborated inputs and the price paid to acquire the asset in an exchange transaction between unrelated parties.

Level 3 assets

Movements in Level 3 assets during the current and previous financial year are set out below:

	Fair value through OCI $	Total $
Consolidated		
Balance at 1 July 2012	-	-
Gains recognised in other comprehensive income	-	-
Balance at 30 June 2013	-	-
Gains/(losses) recognised in other comprehensive income	-	-
Additions	153,414	153,414
Disposals	-	-
Balance at 30 June 2014	**153,414**	**153,414**

Note 24: Key Management Personnel Disclosures

The aggregate compensation to Key Management Personnel of the consolidated entity is set out below:

	2014 $	2013 $
Short term employee benefits	189,663	492,881
Post employment benefits	17,544	21,008
Long term benefits	-	18,658
Termination/Redundancy benefits	-	111,087
	207,207	**643,634**

Transactions with related parties

During the year ended 30 June 2014, the following directors of Applabs received, either directly or through associated company's, fees for the provision of consultancy services regarding the Company's capital raising activities:

Mr Patric Glovac	13,463	-
Mr Stuart Kidd	5,000	-
Mr Rocco Tassone	13,463	-
Mr Charles Thomas	12,513	-

Note 25: Related Party Transactions

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions between related parties were made on normal commercial terms and conditions.

Note 26: Parent Information

	2014 $	2013 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	4,607,367	20,116
Non Current Assets	1,923,761	-
Total Assets	6,531,128	20,116
LIABILITIES		
Current Liabilities	147,143	221,489
Total Liabilities	147,143	221,489
EQUITY		
Issued Capital	24,815,147	13,767,980
Reserves	339,567	-
Accumulated losses	(18,770,729)	(13,969,353)
Total Equity	6,383,985	(201,373)
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME		
Total Profit/(Loss)	(1,693,613)	946,575
Total Comprehensive Income/(Loss)	(1,693,613)	946,575

Guarantees
The Parent Entity has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries (2013: Nil).

Contingent Liabilities
The directors are not aware of any contingent liabilities or contingent assets as at the date of these financial statements, other than as disclosed in the financial statements.
Contractual Commitments
At 30 June 2014 the parent entity had not entered into any contractual commitments for the acquisition of property, plant and equipment (2013: Nil).

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 27: Operating Segments

a) *Identification of Reportable Segments*

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Since its change in nature of operations, the Group now operates primarily in the App Development sector within Australia and overseas. The financial information presented in the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position is the same as that presented to chief operating decision makers.

b) ***Accounting Policies Adopted***

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Note 28: Subsequent Events

Subsequent to 30 June 2014, the following significant events have occurred:

1. On 10 July 2014, Applabs announced it was investing $250,000 for a 15% stake in Electronic Pain Assessment Tool (ePAT), the worlds first 3D facial recognition application for the assessment of pain targeted at non-communicative people.
2. On 15 July 2014, Applabs announced that listed entity, Intercept Minerals Ltd (IZM) intended to acquire 100% of MPPAPPS Inc (trading as xTV) issued capital for $12,500,000. The deal is value accretive for Applabs, and the Company showed its support by subscribing for 25,000,000 IZM shares at $0.002 for a consideration of $50,000. Also announced was the strategic investment into xTV of US$2,000,000 by UST Global, a leading provider of end-to-end IT services and solutions for Global 1000 companies.
3. On 18 July 2014 the Company announced it had agreed to a US$150,000 cash and US$100,000 stock swap in PAY2DAY Solutions Inc., a provider of electronic notification, bill presentment and payments via a proprietary SMS text message system.
4. On 14 August 2014 the Company appointed Patric Glovac as Managing Director.
5. On 9 September 2014 the Company issued 434,783 ordinary shares at an issue price of $0.23 each as non-cash consideration for the acquisition of xTV stock as originally announced to the ASX on 20 June 2014.
6. On 1 October 2014 Mr Stuart Kidd informed the Board of his immediate resignation. This was announced to the ASX on 3 October 2014.

The Directors are not aware of any further significant events since the end of the reporting period that require disclosure.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. In the opinion of the directors of Applabs Technologies Limited:

   (a) the Group's financial statements and notes are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance, for the financial period ended on that date; and

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

   (b) the financial report also complies with International Financial Reporting Standards as set out in Note 1;

   (c) the remuneration disclosures that are contained in the Remuneration Report in the directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001; and

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

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Financial Officer for the year ended 30 June 2014.

Signed in accordance with a resolution of the directors:

Patric Glovac, MANAGING DIRECTOR

Dated this 10th day of October 2014

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF APPLABS TECHNOLOGIES LTD AND ITS CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Applabs Technologies Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the consolidated entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion
In our opinion:

(a) the financial report of Applabs Technologies Ltd is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 12 to 18 of the directors' report for the year ended 30 June 2014. 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.

Opinion
In our opinion, the Remuneration Report of Applabs Technologies Ltd for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001.*

Crowe Horwath Perth

Crowe Horwath Perth

Cyrus Patell
Partner

Signed at Perth, 10th October 2014

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

1. **Shareholding as at 30 September 2014**

a. **Distribution of Shareholders**

Category (size of holding)	**Number Holders**	**Number Ordinary**
1 – 1,000	173	62,133
1,001 – 5,000	199	616,747
5,001 – 10,000	116	1,016,671
10,001 – 100,000	352	13,796,702
100,001 – and over	93	27,369,501
	933	**42,861,754**

b. The number of shareholdings held in less than marketable parcels is 258.

c. There are no substantial shareholders listed in the holding Company's register as at 30 September 2014

d. **Voting Rights**

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders — Ordinary Fully Paid Shares**

	Name	**Shares Held**	**% Held**
1	GROOVING THING PTY LTD <THE KIDD FAMILY A/C>	1,750,000	4.1
2	MS CHLOE THOMAS	865,250	2.0
3	EAGLESHAM NOMINEES PTY LTD <EAGLESHAM NOMS P/L S/F A/C>	850,000	2.0
4	STONEY PASTORAL CO PTY LTD	846,666	2.0
5	MV AGUSTA INVESTMENTS PTY LTD <WALCOTT INVESTMENTS A/C>	785,000	1.8
6	MR MALCOLM GEOFFREY HERON & MRS MELISSA ANNE HERON	775,000	1.8
7	MRS PAOLA DAWE	765,500	1.8
8	MEGATOP NOMINEES PTY LTD <MORRIS SUPER FUND A/C>	642,609	1.5
9	DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS	587,500	1.4
10	MR ROBERT STORRIER DELLOW	580,000	1.4
11	HUGH & CO CONTRACTING PTY LTD <SMITH SERVICE A/C>	505,000	1.2
12	TIALING PTY LTD <TIALING SUPER FUND A/C>	450,000	1.1
13	JOSEPH WARD	434,783	1.0
14	MAC 110 NOMINEES PTY LTD <THE RULE 303 A/C>	428,316	1.0
15	BROADACRE ASSET MANAGEMENT LIMITED	401,776	0.9
16	MR VICTOR JOHN WILK	400,000	0.9
17	DR SL & MRS FJ PHILLIPS <SL & FJ PHILLIPS S/FUND A/C>	399,305	0.9
18	MR DANIEL HUME KENNEDY & MRS DAWN EMMA KENNEDY	388,270	0.9
19	SILKSHORE HOLDINGS PTY LTD <BRAHAM SUPER FUND A/C>	387,500	0.9
20	BOMBORA SUPERANNUATION FUND P/L <BOMBORA SUPER FUND A/C>	385,000	0.9
		12,627,475	29.4

f. **20 Largest options holders —Listed options exercisable by 21 May 2016 at $0.25**

	Name	Number	% Held
1	MR GUSZTAV KOHLER	1,500,000	5.85
2	MR BH & MRS AM MCCUBBING <B MCCUBBING SUPER FUND A/C>	1,245,045	4.86
3	MR NS & MRS MJ DRAPER <DRAPER SUPER FUND A/C>	1,200,000	4.68
4	INVICTUS CAPITAL PTY LTD <MAIN FAMILY A/C>	1,000,000	3.90
5	GROOVING THING PTY LTD <THE KIDD FAMILY A/C>	875,000	3.42
6	DR SL & MRS FJ PHILLIPS <SL & FJ PHILLIPS S/F A/C>	825,000	3.22
7	MRS PAOLA DAWE	780,000	3.04
8	MARK WESLEY EDWARDS INVESTMENTS PTY LTD <MARK WESLEY EDWARDS S/F A/C>	696,764	2.72
9	JOMOT PTY LTD	635,772	2.48
10	MR DAVID JONATHAN STREADER	600,000	2.34
11	DR SL & MRS FJ PHILLIPS <SL & FJ PHILLIPS S/FUND A/C>	500,000	1.95
12	MR GLENN RAYMOND SKENDER <SKENDER S/F A/C>	460,000	1.80
13	MS BIANCA SMITH	450,000	1.76
14	MS CHLOE THOMAS	432,625	1.69
15	MR JAMES TURNER	428,600	1.67
16	STONEY PASTORAL CO PTY LTD	423,333	1.65
17	BROADACRE FINANCE PTY LTD <THE RULE 303 SUPER FUND A/C>	398,924	1.56
18	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	385,000	1.50
19	THE SOUTH GROUP PTY LTD <THE SOUTH GROUP A/C>	350,000	1.37
20	MR DANIEL HUME KENNEDY & MRS DAWN EMMA KENNEDY	334,508	1.31
		13,520,571	53%

2. The name of the company secretary is Mr Damon Sweeny

3. The address of the principal registered office in Australia is.
Suite 5, Level 1, 12-20 Railway Road,
Subiaco, WA, 6008

4. Registers of securities are held at the following addresses
Advanced Shares Registry
110 Stirling Hwy
NEDLANDS
WA 6009
Australia

5. Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, with the exception of those shown below.

6. Unquoted Securities

There are 6,000,000 unquoted ordinary shares as follows;

- 4,250,000 Vendor shares issued at $0.20 and escrowed until 6 December 2014 (12 months from date of issue)
- 1,750,000 Vendor shares issued at $0.20 escrowed until 16 December 2015 (24 months from date of reinstatement)

There are no unquoted options.

7. In accordance with ASX Listing Rule 4.10.19, the Company advises that, since listing, it has used its cash in a way consistent with its business objectives.