



synergy

**Synergy Plus Limited
and Controlled Entities**

ABN 31 091 126 082

Annual Financial Report
FOR YEAR ENDED 30 June 2015

Date:

10 December 2015

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Corporate Directory

Directors

Domenic Martino - Non-Executive Chairman
Phillip Silva - Executive Director
Christopher Martino - Non-Executive Director

Company Secretary

Leanne Ralph
Jacob Tsaban

Home Stock Exchange

Australian Securities Exchange
Level 2, Exchange Plaza
2 The Esplanade
Perth WA 6000

ASX Code

SNR

Website

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Share Registry

Security Transfer Registrars Pty Ltd
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Auditors

RSM Australia Partners
8 St George's Terrace
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Solicitors

HopgoodGanim
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Letter to Shareholders

Fellow Shareholders,

Synergy Plus Limited presents its Annual Report for the 2015 financial year.

The main business of the Company for the 2015 financial year was operated through Synergy Plus Limited's wholly owned subsidiary, AirData Pty Ltd.

Currently, the only operating subsidiary of the Company is AirData Pty (**AirData**).

The Board of Directors of the Company is seeking to have the suspension of trading of the Company's shares lifted and is looking forward to finalizing the restructure of the Company as soon as possible.



Domenic Martino
Chairman

10 December 2015

Directors' Report

Your Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The following persons were Directors of the Company during the financial year and until the date of this report:

Name	Date of Appointment
DV Martino	7 July 2006
KA Dundo ¹	7 July 2006
C Martino	12 August 2013
P Silva	7 October 2015

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

¹ Resigned on 7 October 2015

Meetings of Directors

During the financial year, no meetings of Directors and no meetings of the Audit and Risk Management Committee were held.

Information on Directors

Details of the qualifications and experience of the Directors and Secretaries of the Company at the date of this report are set out below:

Mr Domenic V Martino FCA **Non-Executive Chairman**

Chairman of Remuneration and Nomination Committee

Domenic Martino was the chief executive officer of Deloitte Touche Tohmatsu in Australia from 2001 to 2003. During that time, he was also a member of the global executive committee of Deloitte Touche Tohmatsu International. Prior to taking on the position as chief executive officer, he was the managing partner of Deloitte Touche Tohmatsu's New South Wales operations from 1998 to 2001. He was a partner of Deloitte Touche Tohmatsu and its predecessor firms from 1981 to 2003. During this time, in addition to a number of management operational roles, he specialised in the corporate finance area including mergers and acquisitions, initial public offerings and strategic opportunities.

Mr Martino has been a Non-Executive Chairman of Synergy Plus Limited since 7 July 2006. During the last 3 years, Mr Martino has also served as a non-executive director and chairman of the following listed companies:

27 November 2003 – current	Australasian Resources Ltd (ASX: ARH)
11 December 2007 – current	Gladstone Pacific Nickel Ltd (AIM: GPN)

Mr Christopher Martino **Non-Executive Director**

Christopher completed his education at St Ignatius College Riverview. He entered the work force in 2006 where he gained experience as an Engineer and Networking consultant working for a national computer solutions group based in Sydney. He then moved to accounting and investment banking. Firstly in 2007 doing his initial training and development at boutique accounting firm Indian Ocean Group in Perth and then moving to Corporate Advisor Transocean Group in Sydney where he worked from 2008 to 2011 as an analyst and investment banker. During this time he gained considerable experience in project assessment and ASX listing of mining and related projects. He is currently a director of Litigation Fighting Fund Pty Ltd, a litigation funder, where he assesses and manages litigation cases and he also provides corporate and project advice to a number of ASX listed companies including Synergy Plus Ltd and Coral Sea Petroleum Ltd.

Directors' Report (continued)

Information on Directors (continued)

Phil Silva **Executive Director**

Mr Silva is a partner of Creative Resources & Distribution and an associate with the Institute of Independent Business (IIB) specialising in management consulting across a range of companies and sectors locally and internationally.

Mr Silva has developed deep knowledge in the IT, telecoms, contact centre and interactive media industries. He has held a number of positions as a Managing Director, Director and Vice President for a number of local private and international public companies.

His primary focus is generating profitable sales returns for his clients both locally and internationally.

During the past three years Mr Silva held a non-executive director position in MUI Corporation Limited.

Leanne Ralph **Joint Company Secretary**

Ms Ralph has over 20 years of experience in chief financial officer and company secretarial roles for various publicly listed and unlisted entities. Ms Ralph is a member of the Governance Institute of Australia and the Australian Institute of Company Directors. Ms Ralph is the principal of Boardworx Australia Pty Ltd, which supplies bespoke outsourced Company Secretarial services to a number of listed and unlisted Companies.

Jackob Tsaban **Joint Company Secretary**

Mr Tsaban is a qualified chartered accountant and has more than 15 years of experience in chief financial officer and company secretarial roles for various publicly listed and unlisted entities.

Directors' Equity Holdings

As at 30 June 2015, the interests of the Directors in the equity of the Company are as follows:

Name	Opening Balance 1 July 2014	Acquired during the period	Disposed of during the period	Closing Balance 30 June 2015
DV Martino ¹				
Ordinary Shares	135,594,621	-	-	135,594,621
KA Dundo ²				
Ordinary Shares	313,846	-	-	313,846
C Martino ³				
Ordinary Shares	5,000,000	-	-	5,000,000
Total				
Ordinary Shares	140,908,467	-	-	140,908,467

Notes:

1. Mr Domenic Martino is a director of:
 - (a) Impact Nominees Pty Ltd (**Impact**) which holds a total of 85,867,201 ordinary in the Company as trustee for the Sydney Investment Trust;
 - (b) Domenal Enterprises Pty Ltd (**Domenal**) which holds a total of 49,675,114 ordinary in the Company as trustee for the DVM Superannuation Fund; and
 - (c) Sandra Martino as a trustee for Daniel Martino who holds a total of 52,306 ordinary shares.

Mr Martino's indirect interest held via Impact and Domenal are set out in the table above.

2. Mr Kevin Dundo is a trustee for the Nimmity Belle Superannuation Fund which holds a total of 313,846 ordinary shares in the Company. Mr Dundo's indirect interests held via the Nimmity Belle Superannuation Fund are set out in the table above.
3. Mr Christopher Martino was appointed as a Director on 12 August 2013 and is a director of Minimum Risk Pty Ltd which holds a total of 5,000,000 ordinary in the Company.

Directors' Report (continued)

Principal Activities

The principal activity of the Group during the financial year was the provision of Information and Communication Technology (ICT) infrastructure solutions within Australia.

No significant change in the nature of these activities occurred during the financial year, other than as referred to below.

Operating Results

The consolidated loss of the Consolidated Entity for the financial year, after providing for income tax and non controlling interest, amounted to \$573,087 (2014; \$543,091).

Review of Operations

Current Activities

Currently, the only operating subsidiary of the Company is AirData (Australia) Pty Ltd (**AirData**).

The business is now poised to continue its positive growth by selling solutions to its customers that deliver a higher gross margin than in the traditional hardware and systems integration business. During the administration period, AirData successfully maintained its core customers' loyalty and is continuing to grow on its already established portfolio of customers.

The Board of Directors of the Company is seeking to have the suspension of trading of the Company's shares lifted and is looking forward to finalizing the restructure of the Company as soon as possible.

Dividends

No dividends were paid or declared for payment during the financial year.

Significant Changes in State of Affairs

Significant changes occurred in the Group's state of affairs during the financial year and to the date of this report as referred to above under the heading, "Review of Operations".

Events after the Reporting Period

On 27 October 2015 the Company announced it has signed a conditional term sheet to acquire 100% of VGW Holding Limited (VGW), a technology and online gaming business (the Transaction).

The Company's acquisition of VGW will include the appointment of VGW founders and executive management to the Company board. The Company proposes to undergo a capital consolidation as a part of the acquisition of VGW and a capital raising of \$3.5 million under a prospectus. Preference of allocation under the prospectus will be given to Synergy shareholders.

VGW is a developer and operator of social casino games with sweepstakes cash prize gameplay, which provides for the payout of cash prize winnings from casino games. Sweepstakes gameplay entails a real-money, online prize gaming alternative for all 50 states of the United States, where online gambling is largely prohibited.

VGW plans to undertake a scheme of arrangement to implement the Transaction with the Company.

Directors' Report (continued)

Events after the Reporting Period (continued)

The Transaction

The key terms of the Transaction are as follows:

1. The Company will conduct a 50:1 consolidation of its existing issued capital. This will reduce the issued capital of Synergy to approximately 14,808,157 fully paid ordinary shares (Shares);
2. Subject to receiving the consent of third party lenders and creditors, the Company will issue up to 19,000,000 Shares (post consolidation) at a deemed issue price of \$0.05 per Share to payout, or in consideration for the conversion of previously advanced loans and creditors totaling approximately \$950,000 (Conversion Shares);
3. The issue of 20,000,000 Shares and 6,000,000 Options (exercisable at \$0.05 and with an expire date of three years) (post consolidation) to Minimum Risk Pty Ltd in consideration for the off-set of outstanding loans made by Minimum Risk Pty Ltd to various subsidiaries of the Company (Minimum Risk Shares). Minimum Risk Pty Ltd is a company associated with and controlled by Mr Christopher Martino, a director of the Company;
4. The Company will acquire VGW via the issue of up to 979,533,465 Shares (post-consolidation) at a deemed issue price of \$0.05 per Share, 650,000,000 Performance Shares (refer to paragraph 6 below) and 65,662,112 options (exercisable at \$0.05 and with an expiry date of 14 August 2017) (Acquisition Securities) and agreeing to issuing 9,000,000 options (exercisable at \$0.05 and with an expiry date of 15 May 2017) to VGW's Executive Chairman, Mr Nigel Blythe-Tinker and 96,926,780 Options (exercisable at \$0.05 with an expiry date of 5 years) to employees of VGW under a new Employee Share Option Plan to be adopted by the Company, of which 27,000,000 will be capable of exercise upon issue whereas, 69,926,780 will only be able to be exercised progressively over a three year period (a third, a third, a third). Subject to any necessary approvals that may be required, it is anticipated that the Acquisition Securities will be distributed under schemes of arrangement with existing VGW security holders. Pursuant to ASX Listing Rules, the Acquisition Securities may attract escrow provisions;
5. The Company will issue Performance Shares as follows to Lance East Corporation, the founding shareholder of VGW controlled by Mr Laurence Escalante:

Milestone	No. of Performance Shares (Post Consolidation)	Performance Period
A\$10 million annual audited revenues in VGW	120,000,000	5 years
A\$20 million annual audited revenues in VGW	120,000,000	5 years
A\$30 million annual audited revenues in VGW	120,000,000	5 years
A\$40 million annual audited revenues in VGW	120,000,000	5 years
A\$50 million annual audited revenues in VGW	120,000,000	5 years
A\$100 million annual audited revenues in VGW	50,000,000	5 years

Each Performance Share will convert into one ordinary Share if the relevant Milestone is met within the Performance Period

6. The Company will assume VGW's Convertible Note liabilities totaling \$400,000, and comprising: (a) three convertible notes with a total face value of \$250,000 convertible (at the noteholder's discretion) to 12,500,000 shares (post-consolidation) at 2 cents per share; and (b) one convertible note with a face value of \$150,000 convertible (at the noteholder's discretion) to up to 2,000,000 shares (post-consolidation), with the final number of shares being dependent upon the value of VGW at time of conversion, unless otherwise converted to equity prior to completion of the Transaction.
7. The Company will seek to issue 70,000,000 Shares (post-consolidation) at an issue price of \$0.05 per Share to raise not less than \$3,500,000 under a prospectus (**Capital Raising Shares**). The capital raising has been underwritten by Minimum Risk Pty Ltd, a related party and is subject to shareholder approval.

Directors' Report (continued)

Events after the Reporting Period (continued)

8. The company's subsidiary, Airdata Pty Ltd is to repay \$250,000 of its intercompany loans to Synergy in 12 monthly installments of \$20,000 and one installment of \$10,000, in advance, in full and final settlement. Subject to completion of the Transaction and any necessary regulatory approvals, if required, Synergy has agreed to sell its 60% stake in subsidiary, Airdata Pty Ltd to Ingenious Holdings Pty Ltd in consideration for \$1,000.

On completion of the Transaction, the Company proposed to change its name to "VGW Gaming Limited". Additionally, the current Board of Synergy will be replaced with Messrs Nigel Blythe-Tinker (Executive Chairman), Laurence Escalante (Chief Executive Officer) and a third director at VGW's discretion (Non-executive Director). Messrs Domenic Martino, Philip Silva and Christopher Martino will resign from the board.

Conditions Precedent

Completion of the acquisition of VGW is subject to and conditional upon satisfaction of the following conditions by the dates indicated below (or such other dates as agreed between the parties):

1. Receipt from ASX of conditional re-listing approval on ASX by 29 February 2016;
2. Receipt of shareholder approval in relation to the underwriting agreement with Minimum Risk Pty Ltd with respect to the Capital Raising Shares before 31 January 2016; and
3. The parties obtaining all relevant approvals, including shareholder approval, court approval, board approval and any third party consents necessary to implement the Transaction by 29 February 2016.

For further details refer to the Company's announcement.

Other than as set out the above, there are no matters or circumstances not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group.

The Company will continue to update the market as and when required.

Directors' Report (continued)

Likely Developments and Expected Results

Disclosure of information regarding likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Consolidated Entity. Therefore, this information has not been presented in this report.

Environmental Legislation

The Consolidated Entity is not subject to any significant environmental legislation.

Indemnifying Officers or Auditor

During the financial year the Company paid premiums to insure the Directors against certain liabilities arising out of their conduct while acting as an officer of the Company. The Company paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as Director of the Company, other than conduct involving a willful breach of duty in relation to the Company. Under the terms and conditions of the insurance contract the premium paid cannot be disclosed.

Proceedings on behalf of the Company

On 30 August 2013, the Company announced it has received correspondence from King & Wood Mallesons who act for Mr Frank Stranges, a previous non-executive director and the previous executive chairman of the Company (Letter). The Letter claims that Mr Stranges is owed \$171,856 in outstanding director fees for a period of time he served in these capacities, including during the period whilst the Company was in administration.

The Company strongly refutes any claim by Mr Stranges that he is owed compensation for outstanding director fees and the Company will vigorously defend any action brought by Mr Stranges in respect of the same. Since that date there has been no communication between the parties.

Corporate Governance

The Directors support the adoption of appropriate corporate governance policies and a summary of the Company's corporate governance policies is set out separately and forms part of these financial statements.

Remuneration Report – Audited

This report details the nature and amount of remuneration for Directors and specified executives of Synergy Plus Limited.

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Share-based compensation
- C. Details of remuneration
- D. Additional information

A. Principles Used to Determine the Nature and Amount of Remuneration

Remuneration and Nomination Committee

The Board has delegated responsibility for the remuneration policy to the Remuneration and Nomination Committee. The Remuneration and Nomination Committee is responsible for determining and reviewing compensation arrangements for the directors and senior executives.

Directors' Report (continued)

Remuneration Report – Audited (continued)

The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration for directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. The Remuneration and

Nomination Committee operates under the Remuneration and Nomination Committee Charter adopted by the Board.

The composition of the Remuneration Committee during the 2013 financial year included DV Martino (Committee Chairman) and KA Dundo.

The Chief Executive Officer and Chief Financial Officer may be invited to attend meetings of the Remuneration and Nomination Committee from time to time but neither may take part in any discussions regarding their own remuneration. External advisers are used to provide information and advice as required.

Remuneration Structure

In accordance with best practice Corporate Governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual

General Meeting held on 26 November 2009 when shareholder approved an aggregate remuneration of \$500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst the directors is reviewed annually. The Board considers advice from external advisors as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. It is noted that an additional fee is not also paid for each Board committee on which a director sits.

Senior executive remuneration

Remuneration of senior executives consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed remuneration

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee. The process consists of a review of relevant comparative remuneration in the market and internally, individual performance and, where appropriate, external advice on policies and practices. The committee has access to external, independent advice where necessary.

Variable remuneration

Short Term Incentive

The objective of the short term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets.

These targets are reviewed annually by the Remuneration and Nomination Committee.

Directors' Report (continued)

Remuneration Report – Audited (continued)

B. Share-Based Payments

No share-based payments were issued during 2013 financial year.

C. Details of Remuneration

Details of Remuneration for the year ended 30 June 2015 (Audited)

During the year ended 30 June 2015 none of the directors received directors fees or any other remuneration and no remuneration was payable to the directors.

Details of Remuneration for the year ended 30 June 2014 (Audited)

	Short-Term				Total
	Fees	Cash Bonus	Super-annuation	Share-Based Payments	
30 June 2013	\$	\$	\$	\$	\$
Directors					
DV Martino	13,894	-	-	-	13,894
KA Dundo	13,894	-	-	-	13,894
V Votsaris	-	-	-	-	-
C Martino	-	-	-	-	-
Sub Total for Directors	27,788	-	-	-	27,788

There are no other key management personnel.

Non-Executive Directors' Remuneration

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders.

The Board has determined the fee structure as set out below. It is noted that the fee includes compensation for membership of any Board committees. Details of the fees of individual Directors are given in the Directors' emoluments section above.

Position	Fee
Chairman of the Board	\$100,000
Non-Executive Director	\$60,000

Details of the fees of individual Directors are given in the Directors' emoluments section above.

Employment Contracts

All executive employment contracts include a base salary and variable compensation which falls under the ECP as determined annually by the Remuneration and Nomination Committee and/or the Board at the commencement of each financial year. The Group may terminate such contracts, without notice, for gross misconduct; otherwise each party may terminate the contracts with the required termination notice of 4 weeks by either party except where the executive has over 5 years of service, and then 5 weeks' notice is to be given by the Company.

Directors' Report (continued)

D. Additional Information

Auditor Independence and Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

Details of the amounts paid or payable to the auditor (RSM Australia Partners) for audit and non audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- * all non audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- * None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non related audit firms:

	2015 \$	2014 \$
Audit services		
RSM Australia Partners		
– Audit and review of financial reports	39,500	47,000
Total remuneration for auditors	39,500	47,000

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporation Act 2001 is included in the financial statements.

This report is signed in accordance with a resolution of the directors.



D Martino
Chairman

Perth Western Australia, 10 December 2015

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Synergy Plus Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM

RSM AUSTRALIA PARTNERS

David Wall

DAVID WALL
Partner

Perth, WA
Dated: 10 December 2015

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SYNERGY PLUS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Synergy Plus Limited, which comprises the consolidated statement of financial position as at 30 June 2015, and the consolidated statement of 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 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 and fair presentation of the financial report 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 opinions.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Synergy Plus Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Synergy Plus Limited 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 2015 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company and consolidated entity incurred net losses of \$410,785 and \$681,289 respectively and the consolidated entity had cash outflows from operating activities of \$307,752 for the year ended 30 June 2015. As at that date the company had net liabilities of \$1,601,436 and net current liabilities of \$2,839,217 and the consolidated entity had net liabilities of \$2,390,144 and net current liabilities of \$2,401,853. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

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

Opinion

In our opinion, the Remuneration Report of Synergy Plus Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

A stylized, handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'David Wall'.

DAVID WALL
Partner

Perth, WA
Dated: 10 December 2015

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue			
Revenues from sales and services	2	2,457,973	2,725,614
Other income	2	30,765	30,187
Research and development incentive		-	506,037
Expenses			
Changes in inventory		(11,195)	(5,733)
Purchases of goods		(928,610)	(987,906)
Employee expenses		(1,515,490)	(1,684,599)
Other expenses	2	(444,301)	(695,143)
Finance costs	2	(270,431)	(278,829)
Loss on disposal of investment	9	-	(116,522)
Loss before tax		(681,289)	(506,894)
Income tax -	3	-	-
Loss for the year		(681,289)	(506,894)
 Other Comprehensive Income		 -	 -
Total comprehensive loss for the year		(681,289)	(506,894)
 Net loss attribute to:			
Members of the parent entity		(573,087)	(543,091)
Non-controlling entity		(108,202)	36,197
		(681,289)	(506,894)
 Losses per share for loss from operations attributable to the ordinary holders of the company:			
Basic (cents per share)	4	(0.08)	(0.07)
Diluted (cents per share)	4	(0.08)	(0.07)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	2015 \$	2014 \$
Assets			
Current Assets			
Cash and cash equivalents	6	501,690	890,467
Trade and other receivables	7	589,854	629,949
Inventories	8	35,146	23,954
Total Current Assets		1,126,690	1,544,370
Non-Current Assets			
Property, plant and equipment	10	11,709	12,779
Total Non-Current Assets		11,709	12,779
Total Assets		1,138,399	1,557,149
Current Liabilities			
Trade and other payables	11	1,443,196	1,392,783
Provisions	13	128,320	113,124
Amounts due to a related entity	12	1,957,027	-
Total Current Liabilities		3,528,543	1,505,907
Non-Current Liabilities			
Amounts due to a related entity	12	-	1,760,097
Total Non-Current Liabilities		-	1,760,097
Total Liabilities		3,528,543	3,266,004
Net Liabilities		(2,390,144)	(1,708,855)
Equity			
Issued capital	14	31,492,031	31,492,031
Reserves	15	287,146	287,146
Accumulated losses		(34,213,838)	(33,640,751)
Non-controlling interest		44,517	152,719
Total Deficit		(2,390,144)	(1,708,855)

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 2015

	Notes	Share Capital \$	Accumulated Losses \$	Reserves \$	Non controlling interest \$	Total \$
Balance at 1 July 2014		31,492,031	(33,640,751)	287,146	152,719	(1,708,855)
Total comprehensive losses for the period		-	(573,087)	-	(108,202)	(681,289)
Total comprehensive losses for the period		-	(573,087)	-	(108,202)	(681,289)
Balance at 30 June 2015	14,15	<u>31,492,031</u>	<u>(34,213,838)</u>	<u>287,146</u>	<u>44,517</u>	<u>(2,390,144)</u>
Balance at 1 July 2013		31,492,031	(33,097,660)	287,146	-	(1,318,483)
Total comprehensive losses for the period		-	(543,091)	-	36,197	(506,894)
Total comprehensive losses for the period		-	(543,091)	-	36,197	(506,894)
Recognition of non-controlling interest upon dilution of investment in AirData		-	-	-	116,522	116,522
Balance at 30 June 2014	14,15	<u>31,492,031</u>	<u>(33,640,751)</u>	<u>287,146</u>	<u>152,719</u>	<u>(1,708,855)</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		2,528,834	4,420,432
Payment to suppliers and employees		(2,836,586)	(3,453,525)
Finance costs		-	(25,417)
Net cash flows (used in)/ from by operating activities	18	<u>(307,752)</u>	<u>941,490</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(7,525)	(7,468)
Proceeds from sale of assets		-	-
Net cash flows used in investing activities		<u>(7,525)</u>	<u>(7,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment in borrowings		(73,500)	(117,222)
Net cash flows provided by financing activities		<u>(73,500)</u>	<u>(117,222)</u>
Net decrease in cash and cash equivalents		(388,777)	816,800
Cash and cash equivalents at the beginning of the financial year	6	890,467	73,667
Cash and cash equivalents at the end of the financial year	6	<u>501,690</u>	<u>890,467</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Statement of Significant Accounting Policies

The financial report covers the Consolidated Entity of Synergy Plus Limited and the controlled entities ("Consolidated Entity or Group"). Synergy Plus Limited is a listed public Company, incorporated and domiciled in Australia.

The separate financial statement of the parent company entity, Synergy Plus Limited, has not been presented within this financial report as permitted by the Corporations Act 2001.

The financial report was authorised for issue on 10 December 2015 by the Board of Directors.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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 to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

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

Except for cash flow information, the financial report has been prepared on an accruals basis and are based on historical costs modified where appropriate, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Reporting Basis and Conventions

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company and Consolidated Entity incurred net losses of \$410,785 and \$681,289 respectively and the Consolidated Entity had net cash outflows from operating activities of \$307,752 for the year ended 30 June 2015. As at that date the Company had net liabilities of \$1,601,436 and net current liabilities of \$2,839,217 and the Consolidated Entity had net liabilities of \$2,390,144 and net current liabilities of \$2,401,853. These factors indicate significant uncertainty as to whether the Company and Consolidated Entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Company and Consolidated Entity will be able to continue as going concerns after consideration of the following factors:

1. As disclosed in note 27 the Directors are seeking to re-structure the Company and in so doing acquire a new business activity as well as recapitalise the Company so it may continue as a going concern. The Company plans to undergo a capital raising of \$3.5 million under a prospectus. The capital raising has been underwritten by Minimum Risk Pty Ltd (Minimum Risk). The Directors are confident that this will be achieved.
2. As disclosed in note 12, Minimum Risk has provided funding of \$1,957,027 during the current year for working capital and continued to advance funds subsequent to year end to meet the Consolidated Entity's liabilities as when they fall due. As part of intended restructuring, the Company plans to issue 20,000,000 shares and 6,000,000 Options (exercisable at \$0.05 and with an expiry date of three years) in consideration for the offset of outstanding loans made by Minimum Risk to the Consolidated Entity.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies

Accordingly, the directors believe that the Company and Consolidated Entity will be able to continue as going concerns and that it is appropriate to adopt going concern basis in preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity do not continue as going concerns.

Material Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity Synergy Plus Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 9 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the relates asset or liability.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Tax Consolidation

Synergy Plus Limited and its wholly-owned Australian controlled entity have decided to implement the tax consolidation legislation and the Company will act as the head entity. Synergy Plus Limited and its wholly-owned Australian subsidiaries have been consolidated for tax purposes under the Tax Consolidation System. The Australian Taxation Office has been notified of this decision.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)

(c) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable. Revenue includes revenue earned net of returns, discounts, allowances, duties and taxes paid.

Revenue from the sale of goods is recognised upon transfer of risks and rewards of ownership to the customer, being the shipment of the goods to the customer.

Revenue from services is recognised in accordance with the percentage completion method. Where it is probable that a loss will arise from a fixed price contract, the full excess of the costs over the revenue is recognised as an expense immediately.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Rebate revenue is recognized based on rebates received or receivable from vendors based on vendors' agreements.

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

(d) Foreign currency translation

Functional and presentation currency

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

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the yearend exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of 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 are transferred to entities in the economic 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. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)

Material Accounting Policies (continued)

(f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the economic entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on a specific identification basis.

(j) Plant and equipment

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

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets 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 Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)

Material Accounting Policies (continued)

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a straight line value basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10% - 33%
Motor Vehicles	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date.

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 comprehensive income.

(k) Intangibles

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries and businesses is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer orders back log and customer contracts related customer relationship have a finite life and are amortised on a systematic basic over 3 years. Trademark is amortised over 20 years.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which are unpaid. The amounts are generally paid within 60 days of recognition of the liability.

(m) Provisions

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

(n) Employee benefits

Provision is made for the Consolidated Entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

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

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)

Material Accounting Policies (continued)

Equity-settled compensation

The Consolidated Entity operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the statement of comprehensive income. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

(o) Borrowing cost

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(p) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

(p) Business combinations (continued)

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)

Material Accounting Policies (continued)

(q) Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Consolidated Entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the Consolidated Entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(r) Impairment of assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

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

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)

Material Accounting Policies (continued)

(s) Compound Financial Instruments

Compound financial instruments issued by the Consolidated Entity comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognized in statement of comprehensive income. Distributions to the equity holders are recognized against equity, net of any tax benefit.

(t) Contributed equity

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received. Any transactions costs arising on the issue of ordinary shares are fully recognised directly in equity as a reduction of the proceeds received.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Consolidated Entity, adjusted to exclude costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) 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 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.

(v) Comparative figures

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

(w) Critical accounting estimates and judgments

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

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)

Material Accounting Policies (continued)

Key estimates and judgments

Impairment

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

Notes to the Financial Statements (continued)

2. Revenue and Expenses

	2015 \$	2014 \$
Revenue		
Sales and Service:		
Sale of goods	915,961	814,234
Services rendered	1,542,012	1,911,380
	<u>2,457,973</u>	<u>2,725,614</u>
Other Income		
Interest received	30,765	30,187
	<u>30,765</u>	<u>30,187</u>
	2015	2014
	\$	\$
Other Expenses		
Communication expenses	85,648	94,918
Directors' fees	-	27,787
Bad and doubtful debts	-	17,408
Rental expense	86,639	84,193
Depreciation and amortisation expenses	8,595	8,419
Travel and entertainment	48,066	13,355
Insurance	15,272	17,150
Marketing	7,479	10,014
Contractor fees	90,000	90,000
Legal fees	-	39,200
Accounting fees	39,725	202,411
Other	62,877	90,288
	<u>444,301</u>	<u>695,143</u>
	2015	2014
	\$	\$
Finance cost		
Interest to related party	270,431	253,412
Interest to banks and financial entities	-	25,417
	<u>270,431</u>	<u>278,829</u>

Notes to the Financial Statements (continued)

3. Income Tax

No income tax payable by the Consolidated Entity as it incurred losses for income tax purposes for the year.

	2015 \$	2014 \$
(a) Income tax expenses		
Current	-	-
(b) The prima facie tax on loss from continuing operations before income tax is reconciled to income tax as follows:		
Prima facie income tax expense on operating loss at 30% (2014: 30%)	(204,386)	(162,927)
Tax effect of amounts which are not deductible in calculating taxable income:		
Tax effect of temporary differences not recognised	204,386	162,927
Income tax benefit	-	-
(c) Deferred tax assets not recognised:	2015 \$	2014 \$
Revenue tax losses and time differences	4,851,202	4,646,816
Capital tax losses	24,792	24,792

The above tax benefits will only be obtained if:

- (i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be realized;
- (ii) The Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) No changes in tax legislation adversely affect the Group in realizing the benefits.

4. Losses Per Share

	2015 \$	2014 \$
Basic (cents per share)		
Losses per share for loss from operations attributable to the ordinary holders of the company	(0.08)	(0.07)
Dilutive (cents per share)		
Losses per share for profit from continuing operations attributable to the ordinary holders of the company	(0.08)	(0.07)
Losses from continuing operations used to calculate basic and dilutive EPS	(573,087)	(543,091)
(a) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	2015 Shares 740,407,849	2014 Shares 740,407,849

Notes to the Financial Statements (continued)

5. Auditors' Remuneration

	2015 \$	2014 \$
Remuneration of the auditor of the parent entity for:		
Audit services	39,500	47,000
	<u>39,500</u>	<u>47,000</u>

6. Cash and Cash Equivalents

	2015 \$	2014 \$
Cash at bank and on hand	<u>501,690</u>	<u>890,467</u>
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>501,690</u>	<u>890,467</u>

7. Trade and Other Receivables

	2015 \$	2014 \$
Current		
Trade receivable	62,699	103,652
	<u>62,699</u>	<u>103,652</u>
Australian Tax office for R&D claim	506,037	506,037
Prepayment	21,118	20,260
	<u>589,854</u>	<u>629,949</u>

At 30 June 2015, trade receivables of \$14,228 (2014: \$2,323) were past due but not impaired. As of the date of this report, all of past due trade receivables were collected. The ageing analysis of these trade receivables is as follows:

	2015 \$	2014 \$
Current	48,267	100,420
Less than 30 days overdue ¹	14,107	2,792
Between 31 and 60 days overdue ¹	325	-
Greater than 60 days overdue ¹	-	440
	<u>62,699</u>	<u>103,652</u>

¹ Overdue but not impaired.

Due to the short-term nature of these receivables, their net carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Consolidated Entity does not hold any collateral as security. Refer to note 24 for more information on risk management, foreign currency risk and interest rate risk.

Notes to the Financial Statements (continued)

8. Inventories

	2015 \$	2014 \$
Finished goods and spares	35,146	23,954

9. Controlled Entities

Controlled entities consolidated

	Country of Incorporation	Percentage Owned (%)	
		2015	2014
Subsidiaries of Synergy Plus Limited:			
Rodport Pty Ltd t/a Coretech ¹	Australia	100%	100%
AirData Pty Ltd ²	Australia	60%	60%
AirData (Australia) Pty Ltd ¹	Australia	100%	100%

¹ Subsidiaries are dormant.

² Dilution of interest in subsidiary

On 13 August 2013, pursuant to the Shareholders and Subscription Agreement signed on 5 October 2012 between Air Data Pty Ltd (Air Data), AirNew Pty Ltd (AirNew) and Synergy Plus Limited, Air Data issued 447,553 new ordinary shares to AirNew which represents 40% of the issued capital of Air Data, for nil consideration. The effect of dilution in the Company's ownership interest in Air Data resulted in a loss of \$600,000 recognised by the Company and a loss of \$116,522 recognised by the Consolidated Entity.

10. Plant and Equipment

	2015 \$	2014 \$
Plant and equipment:		
At cost	36,636	29,111
Accumulated depreciation	(24,927)	(16,332)
Total plant and equipment	11,709	12,779

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the financial year.

Consolidated Entity:

	Plant and Equipment	
	2015 \$	2014 \$
Balance at beginning of the year	12,779	14,514
Additions	7,525	7,468
Write off	-	(784)
Depreciation expense	(8,595)	(8,419)
Balance at end of the year	11,709	12,779

Notes to the Financial Statements (continued)

11. Trade and Other Payables

	2015 \$	2014 \$
Trade payables	72,250	167,293
Accrued expense	333,965	358,098
Other payables	890,516	733,723
Unearned revenue	146,465	133,669
	<u>1,443,196</u>	<u>1,392,783</u>

12. Amounts Due to a Related Entity

Amounts due to a related entity consist of a loan provided by Minimum Risk Pty Ltd (Minimum Risk), which was provided as part of facility of \$1,000,000 to allow the company working capital and funds to fulfill its DOCA liabilities. Minimum Risk continues to provide funding to the Company in excess of the agreed facility to meet the Consolidated Entity's liabilities as and when they fall due. The loan bears interest of 15% per annum and has no fixed terms of repayment. As part of the intended restructure, the Company plans to issue 20,000,000 shares and 6,000,000 Options (exercisable at \$0.05 and with an expiry date of three years) in consideration for the offset of outstanding loans. As such, the amount was classified as a current liability as at 30 June 2015.

	2015 \$	2014 \$
Amounts due to related entity for loan and accrued interest		
Loan principal	1,180,504	1,254,004
Accrued interest	776,523	506,093
	<u>1,957,027</u>	<u>1,760,097</u>

13. Provisions

	2015 \$	2014 \$
Current		
Employee Entitlements		
Balance at beginning of year	113,124	145,089
Additional provisions raised during year	90,179	89,393
Amounts used	(74,983)	(121,358)
Balance at end of the year	<u>128,320</u>	<u>113,124</u>

All employees entitlements are expected to be utilised within 12 months.

14. Issued Capital

	Parent Entity			
	2015 Number of Shares	\$	2014 Number of Shares	\$
(a) Ordinary Shares				
At the beginning of the year and at end of year	740,407,849	31,492,031	740,407,849	31,492,031

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

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Notes to the Financial Statements (continued)

14. Issued Capital (continued)

(b) Capital Management

Management controls the capital of the Consolidated Entity in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Consolidated Entity can fund its operations and continue as a going concern.

The Consolidated Entity's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year. The gearing ratios for the year ended 30 June 2013 and 30 June 2012 are as follows:

(c) Capital Management (continued)

	2015 \$	2014 \$
Total borrowings	3,400,223	3,152,880
Less cash and cash equivalents	(501,690)	(890,467)
Net debt	2,898,533	2,262,143
Total equity	(2,390,144)	(1,708,855)
Total capital	508,389	553,288
Gearing ratio	570%	409%

The Consolidated Entity plans to improve its gearing ratio through the restructuring detailed in note 27. Management believe that the gearing ratio will improve following the restructure and the effect of the improved results of the group in the future years.

15. Reserves

	2015 \$	2014 \$
Share based payment reserve	211,146	211,146
Convertible notes	76,000	76,000
	<u>287,146</u>	<u>287,146</u>

16. Contingent Liabilities and Commitments

On 30 August 2013, the Company announced it has received correspondence from King & Wood Mallesons who act for Mr Frank Stranges, a previous non-executive director and the previous executive chairman of the Company (Letter). The Letter claims that Mr Stranges is owed \$171,856.30 in outstanding director fees for a period of time he served in these capacities, including during the period whilst the Company was in administration.

The Company strongly refutes any claim by Mr Stranges that he is owed compensation for outstanding director fees and the Company will vigorously defend any action brought by Mr Stranges in respect of the same. Since that date, there has been no further communication between the parties.

Apart from the matter mentioned above, there are no other contingent to the Company and the Consolidated Entity as at 30 June 2015.

Notes to the Financial Statements (continued)

16. Contingent Liabilities and Commitments (continued)

Lease commitments

The Company's subsidiary, AirData has entered into operating lease agreements with the property owners of the premises at 22 Mountain Steet Ultimo NSW. The lease was renewed until 30 November 2015.

	2015	2014
	\$	\$
<hr/>		
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	25,475	68,796
One to five years	-	25,475
	25,475	94,271
	25,475	94,271

17. Segment Reporting

Identification of reportable segments

The Group has identified 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.

Business segment

For management purposes the Group is organised into two major strategic units which operate in different industries and are managed separately:

- Procurement – provision of Information and Communication Technology (“ICT”).
- Services - Managed Services based on annuity and installation services.

Such structural organisation is determined by the nature of risks and returns associated with each business segment and define the management structure as well as the internal reporting system. It represents the basis on which the Group reports its primary segment information to the Board on a monthly basis. Information provided by internal financial reporting includes two major reports which include the same type of quantitative information analysed by business unit and by state.

The operating segment analysis presented in these financial statements reflects the operation analysis by business. It best describes the way the Group is managed and provides a meaningful insight into the business activities of the Group. The following tables present details of revenue and operating profit by operating segment as well as a reconciliation between the information disclosed for reportable segments and the aggregated

information in the financial statements. The information disclosed in the tables below is derived directly from the internal financial reporting system used by corporate management to monitor and evaluate the performance of its operating segments separately.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. Segment assets if clearly identifiable to particular segment on the basis of their nature are allocated directly. Segment assets include trade receivables and intangible assets which are allocated based on segments' overall proportion of revenue generation within the Group.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and provision of staff benefits which are allocated based on segments' overall proportion of revenue generation within the Group.

Notes to the Financial Statements (continued)

17. Segment Reporting (continued)

Unallocated items

The following items of expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Finance costs
- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Other financial liabilities

Comparative information

	Procurement \$	Services \$	Total \$
2015			
For the year ended 30 June 2015			
Revenues from external customers	915,961	1,542,012	2,457,973
Reportable segment loss before income tax	(97,600)	(164,308)	(261,908)
Reportable segment assets at 30 June 2015	446,272	692,127	1,138,399
Reportable segment liabilities at 30 June 2015	930,513	1,712,976	2,643,489
2014			
For the year ended 30 June 2014			
Revenues from external customers	814,234	2,417,417	3,231,651
Reportable segment loss before income tax	(110,143)	247,482	137,339
Reportable segment assets at 30 June 2014	481,970	1,075,178	1,557,148
Reportable segment liabilities at 30 June 2014	725,055	1,835,707	2,560,762
Reconciliation of reportable segment profit or loss			
Total loss for reportable segments	(261,908)	137,339	
Finance costs	(270,431)	(278,829)	
Depreciation	(8,595)	(8,419)	
Loss from disposal of control over company	-	(116,522)	
Unallocated overheads	(140,355)	(240,463)	
(Loss)/ profit from continuing operation before tax	(681,289)	(506,894)	
Reconciliation of reportable segment assets			
Reportable segment assets	1,138,399	1,557,149	
Total assets	1,138,399	1,557,149	
Reconciliation of reportable segment liabilities			
Reportable segment liabilities	2,643,489	2,560,762	
Unallocated liabilities	885,054	705,242	
Total liabilities	3,528,543	3,266,004	

Notes to the Financial Statements (continued)

17. Segment Reporting (continued)

Geographic Segment

The Consolidated Entity's operations are based in Australia.

18. Cash Flow Information

Reconciliation of Cash Flow From Operating Activities

	2015 \$	2014 \$
Loss after income tax	(681,289)	(506,894)
Adjusted for:		
Depreciation	8,595	8,419
Plant and equipment write off	-	782
Accrued interest	270,431	253,634
Loss from dilution of interest in subsidiary	-	116,522
Changes in assets and liabilities, net of the effects of purchase and disposal subsidiaries		
Increase in trade and other receivables	40,096	1,158,594
(Increase)/decrease in inventories	(11,195)	5,733
(Decrease)/increase in payables	50,414	(63,335)
(Decrease)/increase in provisions	15,196	(31,965)
Net cash flow (used in)/ provided by Operating activities	(307,752)	941,490

19. Dividends

No dividends have been declared or paid during the year ended 30 June 2015, nor in the prior period, and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2015.

Notes to the Financial Statements (continued)

20. Parent Entity Information

	2015 \$	2014 \$
Current assets	2,865	322
Non-current assets	1,237,781	1,267,781
Total assets	1,240,646	1,268,103
Current liabilities	2,842,082	698,657
Non-current liabilities	-	1,760,097
Total liabilities	2,842,082	2,458,754
Total Net liabilities	(1,601,436)	(1,190,651)
Issued capital	31,492,031	31,492,031
Accumulated losses	(33,380,613)	(32,969,828)
Reserves	287,146	287,146
Total deficit	(1,601,436)	(1,190,651)
Loss for the year	(410,785)	(1,093,875)
Other comprehensive loss for the year	-	-
Total comprehensive loss for the year	(410,785)	(1,093,875)

Commitments of Synergy Plus Limited are disclosed in Note 16.

21. Deed of Cross Guarantee

The following entities are part to a deed of cross guarantee under which each company guarantees the debts of the others:

Synergy Plus Limited
 Rodport Pty Ltd
 AirData (Australia) Pty Ltd
 AirData Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purpose of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Synergy Plus Limited, they also represent the 'Extended Closed Group'.

The consolidated financial statements cover only the above Closed Group, being the only parties to the Deed of Cross Guarantee. As such, no financial information of the Closed Group is presented.

22. Related Party Transactions

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

(a) Ultimate parent company

Synergy Plus Limited is the ultimate Australian parent company.

Notes to the Financial Statements (continued)

23. Related Party Transactions (continued)

(b) Controlled entities

Interests in controlled entities are set out in Note 9.

During the year, funds have been advanced between entities within the Consolidated Entity for the purposes of working capital requirements only. All loans between entities are interest free and have no fixed repayment date.

(c) Transactions with Director related parties

Minimum Risk Pty Ltd, a company associated with Mr Martino, provided a loan to the company during the course of the financial year. As disclosed in note 12 as part of the transaction that will be executed after shareholders' approval, the ownership of AirData will be transferred to Minimum Risk Pty Ltd in return to waiving the loan provided by Minimum Risk to the Company. During the course of the financial year, interest of \$270,431 (2014:\$253,634) was accrued for the loan.

Mr Dundo is a partner of HopgoodGanim, which provides legal services to the Company. During the course of the financial year, HopgoodGanim rendered professional fees of \$nil (2014: \$34,602) in respect to legal services provided.

24. Financial Risk Management

The Consolidated Entity's activities might expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Consolidated Entity. To date, the Consolidated Entity has not used derivative financial instruments. The Consolidated Entity uses sensitivity analysis to measure interest rate and aging analysis for credit risk.

The Consolidated Entity's and Parent's financial assets are all within the loans and receivables category. The Consolidated Entity's and Parent's financial liabilities are all within the financial liabilities recorded at amortised cost category.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are denominated in a currency that is not the entity's functional currency. The Consolidated Entity does not operate internationally and the Consolidated Entity's exposure to foreign currency risk is not material.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. Credit risk is co-operatively managed by the finance function and the operating units for customers, including outstanding receivables and committed transactions and the Consolidated Entity level for credit risk arising from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only reputable institutions with sound financial positions are dealt with.

Individual risk exposures are set for customers in accordance with specified limits established by the Board of Directors based on independent credit reports, financial information obtained, credit references and the Consolidated Entity's credit and trading history with the customer. Outstanding customer receivables are regularly monitored and any credit concerns highlighted to senior management.

At 30 June 2015, the Consolidated Entity's exposure to material credit risk exposures to any single receivable or group of receivables under financial instruments entered into by the Consolidated Entity is disclosed below.

Notes to the Financial Statements (continued)

24. Financial Risk Management (continued)

Specific information as to the Consolidated Entity's credit risk exposures is as follows:

- Cash and cash equivalents are banked with reputable banks.
- Generally customers do not have external credit ratings. Management believes the credit quality of the Consolidated Entity's customers is high based on the very low bad debt write-offs experienced historically.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the business, the Consolidated Entity aims at maintaining flexibility in funding by keeping committed credit lines available. The Consolidated Entity manages its liquidity risk by monitoring cash flows and ensuring that adequate cash and unutilised borrowing facilities are maintained.

The Company believes that additional facility can be obtain from Minimum Risk Pty, to support any additional funding requirements.

The following maturity analyses present the cash flows expected for financial assets and liabilities; the amounts do not have fixed timings and are based on the conditions existing at 30 June 2015. For financial liabilities, the contractual maturities match the expected maturities shown in the tables below.

	Consolidated Entity			
	<=6 months \$	6-12 months \$	1– 5 years \$	Total \$
As at 30 June 2015				
Financial assets				
Cash and cash equivalents	501,690	-	-	501,690
Trade and other receivables	589,854	-	-	589,854
	1,091,544	-	-	1,091,544
Financial liabilities				
Trade and other payables	-	1,443,196	-	1,443,196
Amounts due to a related party	-	1,957,027	-	1,957,027
	-	3,400,223	-	3,400,223
As at 30 June 2014				
Financial assets				
Cash and cash equivalents	890,467	-	-	890,467
Trade and other receivables	629,949	-	-	629,949
	1,520,416	-	-	1,520,416
Financial liabilities				
Trade and other payables	-	1,392,783	-	1,392,783
Amounts due to a related party	-	-	1,760,097	1,760,097
	-	1,392,783	1,760,097	3,152,880

Notes to the Financial Statements (continued)

24. Financial Risk Management (continued)

(c) Cash flow and fair value interest rate risk

The Consolidated Entity's main interest rate risk arises from short and long-term borrowings and interest bearing assets. Borrowings at variable rates expose the Consolidated Entity to cash flow interest rate risk and borrowings at fixed interest rates expose the Consolidated Entity to fair value interest rate risk. The Consolidated Entity's bank borrowings are in Australian Dollars at variable interest rates primarily tied to the Bank Bill Standard Yield.

The Consolidated Entity's analyses its interest rate exposure on a dynamic basis. Various interest rate shifts are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these interest rate shifts, the Consolidated Entity calculates the impact on the profit and loss. The interest rate shift scenario is run only for liabilities and assets that represent the major interest-bearing positions.

The following table summarises the sensitivity of the Consolidated Entity's financial assets and financial liabilities to interest rate risk.

For the financial year ended 30 June 2015 and 30 June 2014, there are no balances that will be affected by interest rate risk.

(d) Financial Instrument composition and maturity

	Weighted average interest rate	Fixed interest rate mature		Floating interest	Non-interest bearing	Total
		1 year or less	Over 1 to 5 years			
		\$	\$	\$	\$	\$
Consolidated Entity 2015						
Financial assets						
Cash and cash equivalents	3.7%	473,135	-	-	28,555	501,690
Trade and other receivables		-	-	-	589,854	589,854
Total financial assets		473,135	-	-	618,409	1,091,544
Financial liabilities						
Trade and other payables		-	-	-	1,443,196	1,443,196
Amounts due to a related entity	15%	1,957,027	-	-	-	1,957,027
Total financial liabilities		1,957,027	-	-	1,443,196	3,400,223

	Weighted average interest rate	Fixed interest rate mature		Floating interest	Non-interest bearing	Total
		1 year or less	Over 1 to 5 years			
		\$	\$	\$	\$	\$
Consolidated Entity 2014						
Financial assets						
Cash and cash equivalents	3.7%	879,250	-	-	11,217	890,467
Trade and other receivables		-	-	-	629,949	629,949
Total financial assets		879,250	-	-	629,949	1,520,416
Financial liabilities						
Trade and other payables		-	-	-	1,392,783	1,392,783
Amounts due to a related entity	15%	-	1,760,097	-	-	1,760,097
Total financial liabilities		-	1,760,097	-	1,392,783	3,152,880

Notes to the Financial Statements (continued)

24. Financial Risk Management (continued)

(e) Fair values

	2015 Carrying Amount \$	Net Fair Value \$	2014 Carrying Amount \$	Net Fair Value \$
Financial assets				
Cash and cash equivalents	501,690	501,690	890,467	890,467
Loans and receivables	589,854	589,854	629,949	629,949
	<u>1,091,544</u>	<u>1,091,544</u>	<u>1,520,416</u>	<u>1,520,416</u>
Financial liabilities				
Trade and other payables	1,443,196	1,443,196	1,392,783	1,392,783
Amounts due to a related entity	1,957,027	1,957,027	1,760,097	1,760,097
	<u>3,400,223</u>	<u>3,400,223</u>	<u>3,152,880</u>	<u>3,152,880</u>

The carrying amounts of financial assets and financial liabilities are materially in line with their fair values.

25. Financing Arrangements

	2015 \$	2014 \$
Revolving credit facility from a related party	1,000,000	1,000,000
Amount utilized	<u>(1,000,000)</u>	<u>(1,000,000)</u>
	-	-

26. Key Management Personnel Disclosure

The following persons were Directors of the Company during the 2015 financial year, except as noted:

Name	Position
DV Martino	Non-Executive Chairman
KA Dundo	Non-Executive Director
Christopher Martino ¹	Non-Executive Director

Notes:

¹ Appointed on 12 August 2013.

	2015 \$	2014 \$
Short-term employee benefits	<u>-</u>	<u>27,787</u>

No remuneration or directors fees are due for the year.

Share based payments

No share based payments were issued during the year.

The Consolidated Entity has taken advantage of the relief provided by regulation 2M.6.04 of the Corporations Regulations 2001 and has transferred the detailed remuneration disclosures to the Directors report.

Notes to the Financial Statements (continued)

26. Key Management Personnel Disclosure (continued)

Directors' Equity Holdings

As at 30 June 2015, the interests of the Directors in the equity of the Company are as follows:

Name	Opening Balance 1 July 2014	Acquired during the period	Disposed of during the period	Closing Balance 30 June 2015
DV Martino ¹				
Ordinary Shares	135,646,927	-	-	135,646,927
KA Dundo ²				
Ordinary Shares	313,846	-	-	313,846
C Martino ³				
Ordinary Shares	5,000,000	-	-	5,000,000
Total				
Ordinary Shares	140,960,773	-	-	140,960,773

Notes:

1. Mr Domenic Martino is a director of:
 - (d) Impact Nominees Pty Ltd (**Impact**) which holds a total of 85,867,201 ordinary in the Company as trustee for the Sydney Investment Trust;
 - (e) Domenal Enterprises Pty Ltd (**Domenal**) which holds a total of 49,675,114 ordinary in the Company as trustee for the DVM Superannuation Fund; and
 - (f) Sandra Martino as a trustee for Daniel Martino who holds a total of 52,306 ordinary shares.

Mr Martino's indirect interest held via Impact and Domenal are set out in the table above.

2. Mr Kevin Dundo is a trustee for the Nimmity Belle Superannuation Fund which holds a total of 313,846 ordinary shares in the Company. Mr Dundo's indirect interests held via the Nimmity Belle Superannuation Fund are set out in the table above.
3. Mr Christopher Martino was appointed as a Director on 12 August 2013 and is a director of Minimum Risk Pty Ltd which holds a total of 5,000,000 ordinary in the Company.

27. Events Subsequent to Reporting Date

On 5 October 2015 the Company entered into a conditional acquisition agreement with VGW Holdings Limited (VGW) in which the Company would acquire the entire issued capital of VGW. Per the terms of the agreement, and subject to a number of conditions precedent, the Company would acquire all the ordinary fully paid shares, issued options, performance shares and convertible notes of VGW through a scheme of arrangement. The acquisition of VGW and the planned recapitalisation will allow the Company to apply for relisting on the ASX, which will include a requirement to re-comply with Chapters 1 and 2 of the ASX Listing Rules. The acquisition transaction will also include:

- the appointment of VGW founders and executive management to the Board;
- a capital raising of \$5 million under a prospectus; and
- a change of company name to VGW Gaming Limited.

The acquisition agreement was announced to the ASX by the Company on 27 October 2015.

On 4 December 2015 the Company signed an amendment and restatement deed to reduce the capital raising to \$3.5 million as a result of VGW recently completing a capital raising of \$1.5 million.

Other than as set out the above, there are no matters or circumstances not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group.

The Company will continue to update the market as and when required.

Notes to the Financial Statements (continued)

28. 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 that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New standards and interpretations issued but not yet effective

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

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 2015. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i>	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	No expected impact
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i>	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset, and to clarify that revenue is generally presumed to be an inappropriate basis for that purpose.	1 January 2016	Management opinion is that the expected effect is not material
AASB 2015-1	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</i>	The Standard makes amendments to various Australian Accounting Standards arising from the IASB's Annual Improvements process, and editorial corrections.	1 January 2016	Management opinion is that the expected effect is not material
AASB 15	<i>Revenue from Contracts with Customers</i>	This Standard establishes principles (including disclosure requirements) for reporting useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.	1 January 2017	Management opinion is that the expected effect is not material

Notes to the Financial Statements (continued)

29. Company Details

The registered office of the parent entity is:
c/o RSM Australia Pty Ltd
8 St George's Terrace
Perth WA 6000

The principal place of business of the parent entity is:
c/o Boardworx Australia Pty Ltd
Level 5
151 Castlereagh Street
Sydney NSW 2000

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Consolidated Entity;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations requested by s295A of the *Corporation Act 2001* from the Chief Executive Officer and the Chief Financial Officer.

The company and wholly owned subsidiaries, AirData Pty Ltd, AirData (Australia) Pty Ltd and Rodport Pty Ltd have entered into a deed of cross guarantee under which the company and its subsidiaries guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.



Domenic Martino
Chairman

10 December 2015

Corporate Governance Statement

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of the Company that were in place during the year.

ASX Corporate Governance Council Recommendations

The Board has adopted corporate governance policies and practices consistent with the *ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations* ("ASX Principles and Recommendations 2nd Edition") where considered appropriate for a company of the Company's size and nature.

All Recommendations have been applied for the financial year ended 30 June 2014 unless set out below.

Roles of the Board and Management

The Board considers that the essential responsibilities of the Directors are to oversee the Company's activities for the benefit of its shareholders, employees and other stakeholders and to protect and enhance shareholder value.

The Board has a charter, which clearly establishes the relationship between the Board and management and describes their functions and responsibilities.

Charters for the Board and its committees are made available through the Company Secretary.

The key responsibilities of the Board include:

- Contributing to the development of and approving corporate strategy.
- Appoint and review the performance of the managing director.
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives.
- Arrange for effective budgeting and financial supervision.
- Ensure that effective and appropriate reporting systems in place will, in particular, assure the board that proper financial, operational, compliance and risk management controls function adequately.
- Ensure that appropriate audit arrangements are in place.
- Reporting to shareholders.

Board Structure

The composition of the Board shall be determined in accordance with the following principles and guidelines:

- The Board currently comprises 3 Directors:
 - DV Martino (Chair)
 - P Silva
 - C Martino
- The Chairman is non-executive.
- The Board comprises all non-executive Directors.
- The role of the chair and chief executive officer are held by different people.

The Board has determined that its current composition conforms with the constitution of the Company (being not less than three nor more than nine in number), have a majority of Directors as non-executive and reflect the Company's geographic operations and strategic objectives. Details of the members of the board, their experience, expertise, qualifications and term of office are set out in the Director's Report under the heading "Information on Directors".

The terms and conditions of the appointment and retirement of Directors are set out in a letter of appointment which covers remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

No director is currently receiving any remuneration as a result of their position on the Board.

Corporate Governance Statement (continued)

Director Independence

Directors are expected to bring independent views and judgement to the Board's deliberations. In response to the ASX Principles and Recommendations, the Board Charter requires a minimum of 3 directors with a broad range of business expertise and at least 2 non-executive directors including a non-executive chairman.

In considering whether a Director is independent, the Board has had regard to the independent criteria set out in ASX Principle 2 and other facts, information and circumstances that the Board considers material.

The Board has determined that:

- Mr Martino does not satisfy the Independence Test as he is indirectly a substantial shareholder of the Company as defined in section 9 of the *Corporations Act 2001*.
- Mr Dundo is a principal of Hopgood Ganim and Hopgood Ganim is engaged by the Company to provide legal services from time to time. The Board (in the absence of Mr Dundo) consider he is capable of and demonstrates that he consistently makes decisions and takes actions which are designed to be in the best interests of the Company and therefore the Board considers Mr Dundo to possess the characteristics required of a person who would be eligible to take the role of an independent director. The Board notes that the fees payable to Hopgood Ganim are not high enough to be considered material to Mr Dundo's practice or to Hopgood Ganim and are also not material to the Company.
- Mr Martino is considered an independent director, whilst he is a shareholder of the company his holding is not substantial as defined in section 9 of the *Corporations Act 2001*.
- Mr Stranges was an independent director for the period that he was a director of the Company.

The Board considers that its structure is appropriate in the context of the Company's recent history, and directors' experience and knowledge of the Company's assets. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint additional independent directors as it deems appropriate.

Mr Martino as Chair, whilst non-executive is not independent, however the Company believes this is appropriate given the current composition of the Board.

The financial materiality used in the assessment of independence is set at over 5% of annual turnover of the Company. In addition, a transaction of any amount or a relationship is deemed material if the transaction is considered to potentially impact shareholder understanding of the Director's performance. In addition to the above criteria, the board determines whether a Director is independent in character and judgment.

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman, which shall not be unreasonably withheld. If appropriate, any advice received will be made available to all Directors. This right was neither sought nor exercised during the year.

Having regard to the share ownership structure of the Company, it is considered appropriate by the Board that a major shareholder may be represented on the Board and if nominated, hold the position of Chairman. Such appointment would not be deemed to be independent under ASX guidelines. In addition, it is considered appropriate by the Board to effectively utilise the Chairman's skills and expertise to provide crucial peer review of the corporate and commercial aspects of the Company's operations.

The Chairman is expected to bring independent thought and judgement to his role in all circumstances. Where matters arise in which there is a perceived conflict of interest, the Chairman must declare his interest and abstain from any consideration or voting on the relevant matter.

Performance assessment

The Board has not engaged in an assessment of its performance, or that of its committees, during the year as it is deemed unnecessary given that the company is subject to a Deed of Company Arrangement.

Corporate Governance Statement (continued)

Meetings of the Board

The Board meets at regular intervals to consider the business of the Group, its financial performance and other operational issues. Given the company is currently subject to a Deed of Company Arrangement, the required number of meetings are less than would usually be considered appropriate.

Committees

The Board has established a separate audit & risk management committee and a remuneration & nomination committee to advise and support the Board in carrying out its duties. Matters determined by the audit & risk management committee and the remuneration & nomination committee are submitted to the full Board as recommendations for Board consideration.

Audit & Risk Management Committee

The current members of the audit and risk management committee are Mr Dundo (Chairman), and Mr Votsaris and other Board members invited to participate from time to time. Due the current structure of the Board, membership of the audit committee does not meet all of the recommended guidelines for composition of an audit committee. The audit and risk management committee held 2

meetings during the financial year. Details of the qualifications of committee members and attendance at committee meetings are set out in the Directors' Report.

The audit & risk management committee operates in accordance with a written charter. The audit & risk management committee oversees risk management, accounting and reporting practices, and is also responsible for:

- co-ordination and appraisal of the quality of the audits conducted by the Company's external auditor;
- determination of the independence and effectiveness of the external auditor;
- assessment of whether non-audit services have the potential to impair the independence of the external auditor;
- reviewing the adequacy of the reporting and accounting controls of the Company;
- review the effectiveness of the compliance function in general;
- establishment, implementation and review of the Company's risk management policies;
- update the Company's risk profile; and
- ensuring that the risk management policies are aligned with the Company's strategic plan, encompassing the Company's vision and strategy which are designed to meet stakeholder's needs and manage business risks.

Remuneration and Nomination Committee

The current members of the remuneration & nomination committee are Mr Martino (Chairman), and Mr Dundo and other Board members invited to participate from time to time.

The remuneration & nomination committee operates in accordance with a written charter. The remuneration & nomination management committee reviews and provides recommendations to the Board on:

- remuneration packages of key executives and directors;
- incentive policies, incentive plans and other employee benefit programs;
- recruitment, retention and termination policies;
- procedures for senior management;
- superannuation arrangements;
- succession plans of key executives (other than executive directors) and ensuring the performance of key executives is reviewed at least annually;
- those aspects of the Company's remuneration policies and packages, including equity-based incentives, which would be subject to shareholder approval; and
- nominations for potential director candidates.

There were no remuneration & nomination committee meetings during the year as there were no matters for it to consider given the current position of the Company.

Corporate Governance Statement (continued)

External Auditor

The performance of the external auditor is reviewed annually. RSM Bird Cameron Partners were appointed as the external auditor in 2007.

The external auditor provides an annual declaration of their independence to the Board. The external auditor is requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Code of Conduct

A formal code of conduct for the Company applies to all directors and employees. The code aims to encourage the appropriate standards of conduct and behaviour of the directors, employees and

contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Directors, managers and employees are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics and strive at all times to enhance the good reputation and performance of the Group by acting in the best interests of the Group, being responsible and accountable for their actions and observing the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

The Group has developed an extensive code of conduct which is encapsulated in the corporate governance policies and the Company's terms and conditions of employment. Conduct guidelines apply to all employees which address the values and vision of the Company, business ethics and protocol, policies and procedures, employee entitlements, responsibilities and expectations of both the Group and employees and compliance with relevant legal, shareholder and stakeholder obligations.

All employees have position descriptions that reinforce their duties, rights and responsibilities and all are required to participate in performance reviews to ensure the Group expectation is aligned with employee goals and key performance indicators. Actual performance is reviewed annually and, if necessary, more frequently. The Company encourages regular feedback, review and continuous improvement so as to maintain and enhance the desired corporate culture and standard of ethical behaviour.

Policy for Trading in Company Securities

Trading in the Company's securities by directors and employees is not permitted when they are in possession of unpublished price sensitive information. Any transactions undertaken must be notified to the Chairman in advance. The Company prohibits the hedging of unvested options and requires that any hedging arrangements for vested options must be disclosed to the Company.

Directors, officers and employees must not buy, sell or subscribe for securities if they are in possession of 'inside information' (information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities). The Corporations Act 2001 provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

Subject to the insider trading restrictions above, it is the Board's policy that Directors, officers and employees will not trade in the securities in the two weeks prior to, and two business days after, the release of quarterly reports, in the four weeks prior to, and two business days after, the release of half year financial results, full year financial results and any other period when in possession of unpublished price-sensitive information and/or any time required pursuant to the ASX Listing Rules.

The Board's policy also reinforces the Directors' and Company's statutory obligations to notify the ASX of any dealing in the securities which results in a change in the relevant interests of a Director in the securities. As contemplated in the ASX listing rules, each Director provides notice of such dealings to the Company Secretary within three business days of any such dealing to enable the Consolidated Entity to comply with its corresponding obligation to notify the ASX.

Subject to the insider trading restrictions above, Directors, officers and employees may trade outside the specified periods after discussion with the Chairman.

Corporate Governance Statement (continued)

Continuous Disclosure and Shareholder Communication

The Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. The Board has also adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings.

The Company Secretary has been nominated as the Company's primary disclosure officers.

Synergy Plus is committed to providing shareholders and stakeholders with extensive, transparent, accessible and timely communications on the Company's activities, strategy and performance.

Risk Management Policy

The Board takes a proactive approach to risk management and have a formal risk management policy to provide further guidance to the audit & risk management committee. The identification and proper management of risk within the Company is a priority for the Board and management.

The Board has established an audit & risk management committee which is responsible for oversight of the processes whereby risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the committee. This oversight encompasses operational, financial reporting and compliance risks. Further details of the audit & risk management committee are set out above.

Corporate reporting

The Chief Executive Officer and Chief Financial Officer provide a certification to the Board on the integrity of the Company's external financial reports. The Chief Executive Officer and Chief Financial Officer also provide assurance to the Board that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks. In addition reporting of the management of the Company's material business risks forms part of routine management reporting to the Board and review by the Audit & Risk Management Committee.

Recommendation	Complied	Note
1.1 Establish the functions reserved to the board and those delegated to senior executives and disclose those functions	✓	
1.2 Disclose the process for evaluating the performance of senior executives	✓	
1.3 Provide the information indicated in the Guide to reporting on Principle 1	✓	
2.1 A majority of the board should be independent directors	✓	
2.2 The chair should be an independent director	✗	Note 1
2.3 The roles of chair and chief executive officer should not be exercised by the same individual	✓	
2.4 The board should establish a nomination committee	✗	Note 2
2.5 Disclose the process for evaluating the performance of the board, its committees and individual directors	✗	Note 3
2.6 Provide information indicated in the Guide to reporting on Principle 2	✓	
3.1 Establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the Company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	✓	
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	✓	

Recommendation		Complied	Note
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	✗	Note 4
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	✗	Note 4
3.5	Provide information indicated in the Guide to reporting on Principle 3	✓	
4.1	Establish an audit committee	✓	
4.2	Structure the audit committee so that it: <ul style="list-style-type: none"> • consist only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members 	✗	Note 6
4.3	The audit committee to have a formal charter	✓	
4.4	Provide the information indicated in the Guide to reporting on Principle 4	✓	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies	✓	
5.2	Provide the information indicated in the Guide to reporting on Principle 5	✓	
6.1	Design communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	✓	
6.2	Provide the information indicated in the Guide to reporting on Principle 6	✓	
7.1	Establish policies for oversight and management of material business risks and disclose a summary of those policies	✓	
7.2	Require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. Disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	✓	
7.3	Disclose whether assurance has been received from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4	Provide information indicated in the Guide to reporting on Principle 7	✓	
8.1	Establish a remuneration committee	✓	
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> - consists of a majority of independent directors - is chaired by an independent chair has at least three members.	✗	Note 2
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	✓	
8.4	Provide the information indicated in the Guide to reporting on Principle 8	✓	

Note 1:

As noted above, Mr Martino does not satisfy the Independence Test as he is indirectly a substantial shareholder of the Company.

Note 2:

The Principles recommend that company's should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and that companies should have a structure to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

(a) Recommendation 2.4 – Nomination Committee

Recommendation 2.4 of the Principles states that the board should establish a nomination committee that should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

Corporate Governance Statement (continued)

The Board does not have a separate nomination committee. The Board, as a whole, serves as a nomination committee and acts in accordance with the Nomination and Remuneration Committee Charter (Charter). The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate nomination committee.

The responsibility for the selection of potential directors lies with the full Board of the Company. A separate nomination committee has not been constituted because the Board considers that the size of the current full Board permits it to act as the nomination committee and to regularly review membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance and consideration of appointments and approvals.

When a Board vacancy occurs, the Board acting as the nomination committee, identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of annual performance evaluation processes and they are subject to re-election every three (3) years.

(b) Recommendation 8.1 – Remuneration Committee

Recommendation 8.1 of the Principles states that the board should establish a remuneration committee that should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

The Company has established a Remuneration Committee (Committee) which operates in accordance with a written charter. The current members of the Committee are Mr Martino (Committee chair), and Mr Dundo with other Board members and the Chief Executive Officer participating from time to time by invitation.

Due the current structure of the Board, membership of the Committee does not meet all of the recommended guidelines for composition of a remuneration committee. The Committee only has 2 members both of whom are non-executive, although not all of the members of the Committee satisfy the Independence Test. Mr Martino does not satisfy the Independence Test as he is a substantial shareholder of the Company as defined in section 9 of the Corporations Act 2001. Mr Dundo is a principal of Hopgood Ganim and Hopgood Ganim is engaged by the Company to provide legal services from time to time. The Board (in the absence of Mr Dundo) consider he is capable of and demonstrates that he consistently makes decisions and takes actions which are designed to be in the best interests of the Company and therefore the Board considers Mr Dundo to possess the characteristics required of a person who would be eligible to take the role of an independent director. The Board notes that the fees payable to Hopgood Ganim are not high enough to be considered material to Mr Dundo's practice or to Hopgood Ganim and are also not material to the Company.

Given the size of the Board and the Company, the Board considers that this function is efficiently achieved by a committee of 2 non-executive members reporting to the full Board. In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Company, the Board will reconsider the composition of the Committee to ensure compliance with the Principles where possible.

Note 3:

The Principles recommend that companies should disclose the process for evaluating the performance of the Board, its committees and individual directors. The Board has determined that there is no current benefit in conducting a performance review given the company's recent history. This will be re-assessed at the appropriate time.

Note 4:

The Principles recommend that companies should establish a policy concerning diversity and establish measurable objectives for achieving gender diversity.

The Company has not yet adopted a diversity policy and therefore has not established measurable objectives for achieving gender diversity. This is due to the recent history and current position of the Company. It is the intention of the Board to consider a Diversity Policy at the appropriate time.

Corporate Governance Statement (continued)

Note 5:

The Principles recommend that companies should have a structure to independently verify and safeguard the integrity of their financial reporting. Recommendation 4.1 of the Principles states that the board should establish an audit committee.

Recommendation 4.2 of the Principles states that the audit committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent chair, who is not chair of the board
- has at least three members.

The Company has established an Audit and Risk Management Committee (**Committee**) which operates in accordance with a written charter. The current members of the Committee are Mr Dundo (Committee chair) and Mr Votsaris with other Board members and the Chief Financial Officer participating from time to time by invitation.

Due the current structure of the Board, membership of the Committee does not meet all of the recommended guidelines for composition of an audit committee. The Committee only has 2 members, both of whom are non-executive and considered independent.

Both Messrs Votsaris and Dundo are shareholders of the Company but are not substantial shareholders as defined in section 9 of the Corporations Act 2001. Mr Dundo is a principal of Hopgood Ganim and Hopgood Ganim is engaged by the Company to provide legal services from time to time. The Board (in the absence of Mr Dundo) consider he is capable of and demonstrates that he consistently makes decisions and takes actions which are designed to be in the best interests of the Company and therefore the Board considers Mr Dundo to possess the characteristics required of a person who would be eligible to take the role of an independent director. The Board notes that the fees payable to Hopgood Ganim are not high enough to be considered material to Mr Dundo's practice or to Hopgood Ganim and are also not material to the Company.

Given the size of the Board and the Company, the Board considers that this function is efficiently achieved by a committee of 2 non-executive members reporting to the full Board. In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Company, the Board will reconsider the composition of the Committee to ensure compliance with the Principles where possible.

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

Issued Capital

The issued capital of the Company is at 4 November 2015 is set out below. All ordinary shares carry one vote per share.

Class	Number on Issue
Ordinary Shares	740,407,849

Spread

Ordinary Shares	No. of Holders	No. of Shares	%
1 – 1,000	216	84,783	0.01%
1,001 – 5,000	89	228,130	0.03%
5,001 – 10,000	49	389,318	0.05%
10,001 – 100,000	209	9,545,526	1.29%
100,001 and over	146	730,160,092	98.61%
	709	740,407,849	100.00%
Number holding less than a marketable parcel size of 11,363 shares at \$0.026 per share	386	1,208,109	0.16%

Top 20 Shareholders as at 4 November 2015

	No. of Shares Held	% Held
1 Dynacap Global Performance	86,666,667	11.71%
2 Impact Nominees Pty Ltd	85,867,201	11.60%
3 Domenal Enterprises Pty Ltd <DVM Super Fund A/C>	49,675,114	6.71%
4 Mr Robin Rindel	43,333,333	5.85%
5 Jemaya Pty Ltd <JH Featherby Super Fund A/C>	22,666,667	3.06%
6 Dalmace Pty Ltd	21,916,667	2.96%
7 Tisia Nominees Pty Ltd	21,666,667	2.93%
8 Tonjul Pty Ltd	21,666,667	2.93%
9 Hendricus Pty Ltd	21,666,667	2.93%
10 Mr William Fleming	21,666,667	2.93%
11 Mr Brian John Faithful	21,666,667	2.93%
12 Mr DP Waddell	21,666,667	2.93%
13 Investogain Limited	21,666,667	2.93%
14 Paragon Systems Pty Ltd	17,821,000	2.41%
15 Filmrim Pty Ltd	16,232,437	2.19%
16 HSBC Custody Nominees	13,256,370	1.79%
17 Monal Pty Ltd	12,333,333	1.67%
18 SGI Pty Ltd	11,133,333	1.50%
19 Mr Cecil Hoffman	11,094,871	1.50%
20 Kingslane Pty Ltd	10,833,333	1.46%
	554,496,995	74.92%

Substantial Shareholders as at 4 November 2015

Holder Name	Number of Shares Held	Percentage of Issued Shares Held (%)
1 Dynacap Global Performance	86,666,667	11.71%
2 Impact Nominees Pty Ltd	85,867,201	11.60%
3 Domenal Enterprises Pty Ltd	49,675,114	6.71%
4 Mr Robin Scott Rindel	43,333,333	5.85%
	265,542,315	35.86%

Restricted Securities

The Company does not have any securities subject to escrow on issue.