

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Financial Statements

For the Year Ended 30 June 2015

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Contents

For the Year Ended 30 June 2015

	Page
Financial Statements	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Directors' Declaration	11
Independent Auditor's Report	12

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2015

	Note	Consolidated	
		2015	2014
		\$	\$
Revenue		4,941	15,032
Employee benefits expense		(739,826)	-
Depreciation and amortisation expense	2	(231,150)	(92,803)
Consulting and professional fees		(779,172)	-
Software development		(899,974)	-
Travel and accommodation		(160,740)	(130)
Other expenses		(191,381)	(9,134)
Interest expense		(10,066)	-
Loss before income tax		(3,007,368)	(87,035)
Income tax (expense)/revenue		109,443	212,963
(Loss) / profit for the year		(2,897,925)	125,928
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		8,238	-
Other comprehensive income for the year, net of tax		8,238	-
Total comprehensive income for the year		(2,889,687)	125,928

The accompanying notes form part of these financial statements.

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Statement of Financial Position**As At 30 June 2015**

		Consolidated	
		2015	2014
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	32,990	101,769
Trade and other receivables	4	311	1,972
Current tax receivable	5	258,648	212,963
TOTAL CURRENT ASSETS		291,949	316,704
NON-CURRENT ASSETS			
Intangible assets	6	2,331,795	2,476,249
TOTAL NON-CURRENT ASSETS		2,331,795	2,476,249
TOTAL ASSETS		2,623,744	2,792,953
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	543,502	2,640
TOTAL CURRENT LIABILITIES		543,502	2,640
NON-CURRENT LIABILITIES			
Trade and other payables	7	2,679,616	500,000
TOTAL NON-CURRENT LIABILITIES		2,679,616	500,000
TOTAL LIABILITIES		3,223,118	502,640
NET ASSETS		(599,374)	2,290,313
EQUITY			
Issued capital	10	1,336,000	1,336,000
Reserves		1,008,238	1,000,000
Retained earnings		(2,943,612)	(45,687)
TOTAL EQUITY		(599,374)	2,290,313

The accompanying notes form part of these financial statements.

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Statement of Changes in Equity For the Year Ended 30 June 2015

2015

	Consolidated			
	Ordinary Shares \$	Accumulated losses \$	Asset Revaluation Reserve \$	Foreign Currency Translation Reserve \$
Balance at 1 July 2014	1,336,000	(45,687)	1,000,000	-
Loss attributable to members of the entity	-	(2,897,925)	-	-
Total other comprehensive income for the year	-	-	-	8,238
Balance at 30 June 2015	1,336,000	(2,943,612)	1,000,000	8,238
				(599,374)
				2,290,313
				(2,897,925)
				8,238
				(599,374)

2014

	Consolidated			
	Ordinary Shares \$	Accumulated losses \$	Asset Revaluation Reserve \$	Foreign Currency Translation Reserve \$
Balance at 1 July 2013	1,000	(171,615)	1,000,000	-
Shares issued during the year	1,335,000	-	-	-
Profit attributable to members of the entity	-	125,928	-	-
Total other comprehensive income for the year	-	-	-	-
Balance at 30 June 2014	1,336,000	(45,687)	1,000,000	-
				829,385
				1,335,000
				125,928
				-
				2,290,313

The accompanying notes form part of these financial statements.

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Statement of Cash Flows**For the Year Ended 30 June 2015**

	Note	Consolidated	
		2015	2014
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		4,941	17,672
Payments to suppliers and employees		(2,228,570)	(10,165)
Interest paid		(10,066)	-
Income taxes refund received		63,758	67,271
Net cash provided by / (used in) operating activities	9(b)	<u>(2,169,937)</u>	<u>74,778</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(4,255)	-
Development costs and payments for intangible assets		<u>(82,441)</u>	<u>(473,251)</u>
Net cash (used in) investing activities		<u>(86,696)</u>	<u>(473,251)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net movement in related party loan accounts		-	177
Proceeds from borrowings		<u>2,179,616</u>	<u>500,000</u>
Net cash provided by / (used in) financing activities		<u>2,179,616</u>	<u>500,177</u>
Net increase / (decrease) in cash and cash equivalents held		(77,017)	101,704
Cash and cash equivalents at beginning of year		101,769	65
Foreign currency translation		8,238	-
Cash and cash equivalents at end of financial year	9(a)	<u><u>32,990</u></u>	<u><u>101,769</u></u>

The accompanying notes form part of these financial statements.

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The directors have prepared the financial statements on the basis that the for profit company is a non-reporting entity because there are no users dependent on general purpose financial reports. This financial report is therefore a special purpose financial report that has been prepared in order to meet the needs of the members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

(b) Principles of Consolidation

The consolidated financial statements include the financial position and performance of the parent (Rision Pty Ltd) and all controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 8 to the financial statements.

(c) Income Tax

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

(d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

(e) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Notes to the Financial Statements

For the Year Ended 30 June 2015

1 Summary of Significant Accounting Policies continued

(e) Goods and Services Tax (GST) continued

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Intangible Assets

Patents and trademarks

Patents and trademarks are recognised at director's valuation. The director's have had regard to an independent valuation that supports the valuation adopted.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(i) Going concern

Notwithstanding the deficiency in net assets of \$599,374 and the deficiency in working capital of \$251,553 the financial report has been prepared on a going concern basis as since year end an additional loan of \$340,000 from an investor has been secured, another investor has indicated they are willing to provide funds to the company and a prospectus is being prepared with expectations of raising \$2.5 million to \$5 million.

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Notes to the Financial Statements

For the Year Ended 30 June 2015

		Consolidated	
		2015	2014
		\$	\$
2 Expenses			
Depreciation and amortisation			
- amortisation of development costs		226,895	92,803
- depreciation		4,255	-
Total depreciation and amortisation		<u>231,150</u>	<u>92,803</u>
3 Cash and cash equivalents			
Cash at bank and in hand		<u>32,990</u>	<u>101,769</u>
		<u>32,990</u>	<u>101,769</u>
4 Trade and other receivables			
CURRENT			
GST receivable		-	1,972
Other receivables		311	-
		<u>311</u>	<u>1,972</u>
5 Tax			
Current Tax Asset			
Current tax receivable		<u>258,648</u>	<u>212,963</u>
		<u>258,648</u>	<u>212,963</u>

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Notes to the Financial Statements

For the Year Ended 30 June 2015

		Consolidated	
		2015	2014
		\$	\$
6 Intangible Assets			
Patents and trademarks			
At director's valuation		1,000,000	1,000,000
At cost		3,910	-
Accumulated amortisation and impairment		-	-
		<u>1,003,910</u>	<u>1,000,000</u>
Development costs			
Cost		2,268,947	2,268,947
Accumulated amortisation and impairment		(1,019,592)	(792,698)
		<u>1,249,355</u>	<u>1,476,249</u>
Acquisition cost			
At cost		78,530	-
Net carrying value		<u>78,530</u>	<u>-</u>
Total Intangibles		<u><u>2,331,795</u></u>	<u><u>2,476,249</u></u>
7 Trade and other payables			
CURRENT			
Unsecured liabilities			
Trade payables		295,005	-
Sundry payables and accrued expenses		248,497	2,640
		<u>543,502</u>	<u>2,640</u>
NON-CURRENT			
Unsecured liabilities			
Loans from related parties		2,679,616	500,000
		<u>2,679,616</u>	<u>500,000</u>
8 Interests in Subsidiaries			
	Principal place of business / Country of Incorporation	Percentage Owned (%) 2015	Percentage Owned (%) 2014
Subsidiaries:			
Skills Connect Pty Limited	Australia	100	100
Skills Connect Incorporated	United States of America	100	100

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Notes to the Financial Statements

For the Year Ended 30 June 2015

		Consolidated	
		2015	2014
		\$	\$
9 Cash Flow Information			
(a) Reconciliation of cash			
Cash 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		32,990	101,769
		<u>32,990</u>	<u>101,769</u>
(b) Reconciliation of result for the year to cashflows from operating activities			
(Loss) / profit for the year		(2,897,925)	125,928
Non-cash flows in profit:			
- amortisation		231,150	92,803
Changes in assets and liabilities:			
- (increase)/decrease in trade and other receivables		1,661	(901)
- increase/(decrease) in trade and other payables		540,862	2,640
- increase/(decrease) in income taxes payable		(45,685)	(145,692)
Cashflow from operations		<u>(2,169,937)</u>	<u>74,778</u>
10 Issued Capital			
2,667 (2014: 2,667) fully paid ordinary shares		1,336,000	1,336,000
		<u>1,336,000</u>	<u>1,336,000</u>
(a) Ordinary shares			
		Consolidated	
		2015	2014
		No.	No.
At the beginning of the reporting period		2,667	1,000
Shares issued during the year:			
- 17 December 2013		-	1,000
- 30 June 2014		-	667
At the end of the reporting period		<u>2,667</u>	<u>2,667</u>

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Notes to the Financial Statements

For the Year Ended 30 June 2015

11 Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2015	2014
	\$	\$
Statement of Financial Position		
ASSETS		
Current assets	274,169	314,532
Non-current assets	2,331,895	2,499,423
TOTAL ASSETS	2,606,064	2,813,955
LIABILITIES		
Current liabilities	540,192	668
Non-current liabilities	2,679,617	500,000
TOTAL LIABILITIES	3,219,809	500,668
EQUITY		
Issued capital	1,336,000	1,336,000
Retained earnings	(2,949,745)	(22,713)
Asset revaluation reserve	1,000,000	1,000,000
TOTAL EQUITY	(613,745)	2,313,287
Statement of Profit or Loss and Other Comprehensive Income		
Total profit / (loss)	(2,927,032)	125,929
Total comprehensive income / (expense)	(2,927,032)	125,929

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Directors' Declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 10, present fairly the company's financial position as at 30 June 2015 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
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.

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

Director *Robert Day*

Director

Dated 26th October 2015



TROOD PRATT AUDIT & ASSURANCE SERVICES

Chartered Accountants

ABN 18 935 190 013

LEVEL 21 / 68 PITT ST SYDNEY 2000

GPO BOX 3437 SYDNEY NSW 2001

TEL (02) 8224 8000 FAX (02) 8224 8099

EMAIL enquiries@troodpratt.com.au

WEBSITE www.troodpratt.com

DIRECTORS: D A TROOD • I R PRATT • P LOCKYER

W J HILL • S SALAMEH • E KOVALUNS

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Independent Auditor's Report to the Members of Rision Pty Ltd and its Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report being a special purpose financial report, of Rision Pty Ltd and its Controlled Entities, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and director's declaration for the entity and the consolidated entity.

Director's Responsibility for the Financial Report

Directors are responsible for the preparation of the financial report that gives a true and fair view and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the needs of the members, and for such internal control as directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require 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 management, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Rision Pty Ltd and its Controlled Entities, as at 30 June 2015, and of its financial performance and cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Rision Pty Ltd and its Controlled Entities

ABN 52 076 549 945

Independent Auditor's Report to the Members of Rision Pty Ltd and its Controlled Entities

Emphasis of Matter

Without modifying our opinion expressed above, we draw attention to Research and Development Expenditure which is being carried at a written down value of \$1,249,355. Management has prepared a revenue projection model to December 2016 which is based on a number of assumptions. If those assumptions prove to be invalid or budgeted targets cannot be achieved then adjustments would be required to the carrying value of Research and Development Expenditure. The financial report does not include any adjustments that might be necessary should the assumptions prove to be invalid or budgeted targets are not achieved.

Without modifying our opinion expressed above, we draw attention to the patents and trademarks carried at a director's valuation of \$1,003,910. The directors have had regard to an independent valuation that was prepared in August 2014 that supports the valuation adopted.

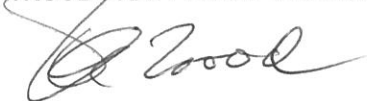
Without modifying our opinion expressed above, we draw attention to the amount of \$258,648 included in other current assets which represent the 2015 Research and Development tax offset. The tax return is yet to be lodged.

Without modifying our opinion expressed above, we draw attention to note 1(i) going concern.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report which describes the basis of accounting. The financial report is prepared by directors to meet the needs of members. As a result, the financial report may not be suitable for another purpose.

TROOD PRATT AUDIT & ASSURANCE SERVICES



D A TROOD

Partner

Dated at Sydney this 24th day of October 2015