

Kollakorn Corporation Limited

ABN 41 003 218 862

Appendix 4E

**PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

Period 1 July 2013 to 30 June 2014

(Previous Corresponding Period 1 July 2012 to 30 June 2013)

Appendix 4E

Preliminary Financial Report

Name of entity

Kollakorn Corporation Limited

ABN or equivalent
company reference

41 003 218 862

Half yearly
(*tick*)

☐

Preliminary
final (*tick*)

☒

Financial year ended ('current period')

30 June 2014

Results for Announcement to the Market

Results		\$A	
Revenues from ordinary activities	Down	68%	to 198,874
(Loss) from ordinary activities after tax attributable to members	Up	22%	to (1,615,241)
Net (Loss) for the period attributable to members	Up	22%	to (1,615,241)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	NIL	NIL
Previous corresponding period	NIL	NIL

Record date for determining entitlements to the dividend	N/A
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The Company does not have a dividend reinvestment plan and no dividends are proposed to be declared for the current year.

Note:
This Appendix 4E should be read in conjunction with the Commentary on the Results of the Preliminary Financial Report for the year ended 30 June 2014 and with the accompanying notes to the Appendix 4E.

Commentary on the Results

COMMENTARY ON THE RESULTS

Financial Results

Revenue this financial year was predominantly from royalties which at \$126,803, down 79% on last year. This outcome was unexpected and was due in part to royalties being offset against recoupments due to some credits made by the supplier in relation to sales for which we had already received royalties in the previous financial year. This adjustment totalled \$70,002.29 AUD.

Management continued to contract expenses so that expenses were down from \$1,943,670 to \$1,806,660. The net loss for the year increased from a loss of \$1,325,334 last year to a loss this year of \$1,615,241 due principally to the adjustment mentioned above, and capitalised interest of \$105,111 on investment funding, and amortisation of the Radio Frequency Identification (RFID) Break on Removal technology intangible asset totalling \$87,185.

Operations

Since the National Council for Peace and Order (NCPO) came to power in Thailand there has been renewed interest in using RFID in the Southern Provinces area in order to curb the violent incidents involving stolen vehicles or those with fake registration numbers. The National Security Council is considering the use of RFID with all vehicles in the south and is expected to shortly make a proposal to NCPO. Management has been actively following this up with governmental authorities.

After a sharp downturn in royalties due to the supply of the tags to the Taiwan Tolling Project having been completed, there has been in the most recent quarter, from both Star RFID and 3M, an increase in the volume of sale of our break on removal tags and therefore an increase in the value of the royalties received.

It has proven very difficult for Management to advance any of the projects that were currently in the pipeline due to the restricted level of funds available to the company. All the funds received have been absorbed in continued trading of the company. The company does not have any excess funds to apply to any opportunities outside of Thailand and until this situation changes the company will continue to rely on royalty payments for its operation.

Directors have also reviewed a number of proposals received this year that would, if implemented change the activities of the Company. At this point no proposal received has been deemed by the Directors to be of sufficient merit to be put to the shareholders for consideration. Directors will continue this activity.



Richard Sealy
Managing Director

**Consolidated statement of comprehensive income
for the financial year ended 30 June 2014**

	Note	Year ended 30 June 2014	Year ended 30 June 2013
		\$	\$
Continuing operations			
Revenue from sale of goods	3	7,957	16,053
Royalty revenue		126,803	599,577
Less cost of goods sold		(7,455)	(369)
Gross Profit		127,305	615,261
Other income	3	64,114	3,075
Expenses by function:-			
Administration and general		(1,021,337)	(1,233,446)
Amortisation of intangible assets		(87,185)	-
Finance costs		(115,613)	(1,663)
Foreign exchange losses		(6,702)	(25,922)
Marketing and sales		(10,092)	(114,826)
Technology costs		(150,907)	(182,202)
Share of losses from associates	7	(414,824)	(385,611)
Loss before tax from continuing operations	3	(1,615,241)	(1,325,334)
Income tax expense		-	-
Loss for the year from continuing operations		(1,615,241)	(1,325,334)
Loss for the year from discontinued operations		-	-
Net loss for the year		(1,615,241)	(1,325,334)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(4,415)	(180,064)
Total other comprehensive loss for the year		(4,415)	14,496
Total comprehensive loss for the year		(1,619,656)	(1,310,838)
Loss attributable to:			
Owners of the parent		(1,615,241)	(1,325,334)
Total comprehensive loss attributable to:			
Owners of the parent		(1,619,656)	(1,310,838)
Earnings per share			
Basic (cents per share)	14	(0.19)	(0.16)
Diluted (cents per share)	14	(0.19)	(0.16)

Notes to the consolidated financial statements are included on pages 6 to 17.

Consolidated statement of financial position

as at 30 June 2014

	Note	30 June 2014 \$	30 June 2013 \$
Current Assets			
Cash assets		82,355	929
Trade and other receivables	4	161,125	827,416
Other assets	5	983	1,523
Total Current Assets		244,463	829,868
Non-Current Assets			
Intangible assets	6	348,741	435,926
Investments in associates	7	5,367,308	5,098,723
Total Non-Current Assets		5,716,049	5,534,649
Total Assets		5,960,512	6,364,517
Current Liabilities			
Trade and other payables	8	1,284,062	909,086
Other financial liabilities	9	1,898,327	1,069,407
Provisions	10	74,824	75,994
Total Current Liabilities		3,257,213	2,054,487
Total Liabilities		3,257,213	2,054,487
Net Assets		2,703,299	4,310,030
Equity			
Issued capital	11	49,541,151	49,542,726
Reserves	12	1,814,943	1,804,858
Accumulated losses	13	(48,652,795)	(47,037,554)
Total Equity		2,703,299	4,310,030
Net tangible asset backing per ordinary security		0.27 cents	0.45 cents

Notes to the consolidated financial statements are included on pages 6 to 17.

Consolidated statement of changes in equity**for the year ended 30 June 2014**

	Fully paid ordinary shares	Equity- settled employee benefits reserve	Foreign currency translation reserve	Accumulated losses	Total attributable to members of the parent
	\$	\$	\$	\$	\$
Balance at 1 July 2012	47,278,078	2,058,850	(291,268)	(45,712,220)	3,333,440
Loss for the year	-	-	-	(1,325,334)	(1,325,334)
Exchange differences arising on translation of foreign operations	-	-	14,496	-	14,496
Total comprehensive income for the period	-	-	14,496	(1,325,334)	(1,310,838)
Issue of shares	2,284,592	-	-	-	2,284,592
Share Issue Costs	(19,944)	-	-	-	(19,944)
Transfer to from Employee Benefits Reserve	-	-	-	-	-
Recognition of share-based payments	-	22,780	-	-	22,780
Balance at 30 June 2013	49,542,726	2,081,630	(276,772)	(47,037,554)	4,310,030
Balance at 1 July 2013	49,542,726	2,081,630	(276,772)	(47,037,554)	4,310,030
Loss for the year	-	-	-	(1,615,241)	(1,615,241)
Exchange differences arising on translation of foreign operations	-	-	(4,415)	-	(4,415)
Total comprehensive income for the period	-	-	(4,415)	(1,615,241)	(1,619,656)
Share Issue Costs	(1,575)	-	-	-	(1,575)
Recognition of share-based payments	-	14,500	-	-	14,500
Balance at 30 June 2014	49,541,151	2,096,130	(281,187)	(48,652,795)	2,703,299

Notes to the consolidated financial statements are included on pages 6 to 17.

Consolidated statement of cash flows

for the year ended 30 June 2014

	Note	Year ended 30 June 2014 \$	Year ended 30 June 2013 \$
Cash Flows from Operating Activities (inclusive of Goods and Services Tax)			
Receipts from Customers		2,467	628,588
Receipts of R&D Tax Offset		-	192,775
Payments to suppliers and employees		(534,170)	(1,655,285)
Interest and other costs of finance paid		(10,502)	(1,663)
Net cash outflow from operating activities	16	(542,205)	(835,585)
Cash Flows from Investing Activities			
Interest received		10	3,075
Royalties and other investment income received		158,915	599,577
Purchase of investment in associate		-	(1,111,315)
Payments for intangible assets		-	(186,956)
Net cash inflow from investing activities		158,925	(695,619)
Cash Flows from Financing Activities			
Proceeds from the issue of shares		-	1,137,562
Payment for share issue expenses		-	(19,945)
Proceeds from the issue of convertible notes		468,064	250,000
Payment for debt issue costs		-	(40,550)
Payment for cancellation fees		-	(67,757)
Repayment of borrowings		(3,358)	(95,511)
Net cash inflow from financing activities		464,706	1,163,799
Net increase/(decrease) in cash held		81,426	(367,405)
Cash at the beginning of the period		929	368,334
Effects of exchange rate changes on cash		-	-
Cash at the end of the period		82,355	929

Notes to the consolidated financial statements are included on pages 6 to 17.

1. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These consolidated financial statements and notes represent those of Kollakorn Corporation Limited and Controlled Entities (the “consolidated group” or “group”).

The separate financial statements of the parent entity, Kollakorn Corporation Limited, have been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 29th August 2014 by the directors of the company.

b) Basis of preparation

The financial statements are general purpose financial statements that have 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*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

c) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group’s assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB’s project to replace IAS 39.	1 January 2015 (Changed to 1 January 2017 by AASB 2013-9C)	Unlikely to have a significant impact
2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2015	Unlikely to have a significant impact

Kollakorn Corporation Limited and Controlled Entities
Notes to the financial statements for the year ended 30 June 2014

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1 January 2015	Unlikely to have a significant impact
2012-3	<i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities</i>	This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132.	1 January 2014	Unlikely to have a significant impact
2013-3	<i>Amendments to AASB 136 –Recoverable Amount Disclosures for Non-Financial Assets</i>	This Standard amends the disclosure requirements in AASB 136 to include additional disclosures about the fair value measurement and discount rates when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	Unlikely to have a significant impact
2014-1A	<i>Amendments to Australian Accounting Standards</i>	Part A of 2014-1 amends various standards as a result of the annual improvements process	1 July 2014	Unlikely to have a significant impact
2014-1B	<i>Amendments to Australian Accounting Standards</i>	Part B of AASB 2014-1 makes amendments to AASB 119 <i>Employee Benefits</i> in relation to the requirements for contributions from employees or third parties that are linked to service.	1 July 2014	Unlikely to have a significant impact
2014-1C	<i>Amendments to Australian Accounting Standards</i>	Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031.	1 July 2014	Unlikely to have a significant impact
AASB 1031	<i>Materiality</i>	Re-issuance of AASB 1031	1 January 2014	No expected impact

d) 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 consolidated entity incurred a loss of \$1,615,241 and had net cash outflows from operating activities and investing activities of \$383,280 for the full year ended 30 June 2014. As at that date the consolidated entity had net current liabilities of \$3,012,750.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its 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 consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The consolidated entity has been successful in raising capital during the period;
- The consolidated entity has the ability to continue to raise additional funds on a timely basis, pursuant to the Corporations Act 2001;
- The Directors also anticipate to close significant sales contracts during the next 12 months which will increase operating cash flow;
- The consolidated entity has extinguished its debt owing to its largest trade creditor, and royalty revenue is now producing cash inflows on a quarterly basis;
- The ability of the consolidated entity to further scale back certain parts of their activities that are non-essential so as to conserve cash; and
- The directors regularly monitor the Group's cash position and, on an on-going basis, consider a number of strategic initiatives to ensure that adequate funding continues to be available.

Accordingly, the Directors believe that consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the 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 consolidated entity does not continue as a going concern.

2. Segment Reporting

Operating segments are identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Products and services from which reportable segments derive their revenues

Information reported to the consolidated entity's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on revenue for each type of good.

The principal categories of customer for these goods are direct sales to major customers, wholesalers, retailers and internet sales. The consolidated entity's reportable segments under AASB 8 are therefore as follows:

- AVI (Automated Vehicle Identification)
- Smart&Secure
- TransitVault & CertainID

No revenue was reported for AVI/EVR while market research is undertaken so the technology is modified to correspond to end-user requirements, and targeted to the right organisations and government departments to maximise its market reach. CertainID, Kollakorn's bio-authentication technology, also earned no revenue in the period as this technology is still in a developmental stage.

Information regarding the consolidated entity's reportable segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Kollakorn Corporation Limited and Controlled Entities
Notes to the financial statements for the year ended 30 June 2014

Segment revenues and results

The following is an analysis of the consolidated entity's revenue and results by reportable operating segment for the periods under review:

	Segment Revenue		Segment profit/(loss)	
	Year ended		Year ended	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
	\$	\$	\$	\$
Continuing operations				
AVI / EVR	-	-	(111,028)	(169,871)
Smart&Secure	134,232	609,172	39,085	590,890
TransitVault & Certain ID	528	-	(3,465)	(95,727)
Total for continuing operations	134,760	607,172	(75,408)	325,292
Costs not able to be allocated to one operation			(1,539,833)	(1,650,626)
Loss before tax from continuing operations			(1,615,241)	(1,325,334)
Income tax expense			-	-
Loss for the period from continuing operations			(1,615,241)	(1,325,334)
Consolidated revenue (excluding interest and other revenue) and loss for the year	134,760	609,172	(1,615,241)	(1,325,334)

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

Segment loss represents the loss earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, finance costs, income tax expense, and gains or losses on disposal of associates and discontinued operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Kollakorn Corporation Limited and Controlled Entities
Notes to the financial statements for the year ended 30 June 2014

Segment assets and liabilities

The following is an analysis of the consolidated entity's assets and liabilities by reportable operating segment for the periods under review:

	Assets		Liabilities	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
	\$	\$	\$	\$
AVI / EVR	5,373,808	5,789,775	44,782	12,439
Smart&Secure	415,815	448,150	-	-
TransitVault & Certain ID	-	-	130,928	75,994
Total segment assets and liabilities	5,789,622	6,237,925	175,710	88,433
Unallocated assets and liabilities	170,890	126,592	3,081,503	1,966,054
Consolidated total assets and liabilities	5,960,512	6,364,517	3,257,213	2,054,487

Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

Geographical information

The consolidated entity operates in three principal geographical areas – Australia, Thailand and the USA.

The consolidated entity's revenue from external customers and information about its non-current segment assets (plant and equipment, and leasehold improvements) by geographical location are detailed below:

	Revenue from external customers		Non-current assets*	
	Year ended		Year ended	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
	\$	\$	\$	\$
Australia	-	11,429	-	-
USA	107,301	602,738	348,741	435,926
Thailand	27,459	1,464	-	-
	134,760	615,631	348,741	435,926

*Non-current assets excludes investment in associates

3. Loss from continuing operations

(a) Revenue	Consolidated	
	2014	2013
Revenue consisted of the following items:	\$	\$
Sale of goods	7,957	16,053
Royalties and license fees	126,803	599,577
Total revenues	134,760	615,631

(b) Other Income		
Other income consisted of the following items:		
Interest income	64,114	3,075
Total other income	64,114	3,075

(c) Expenses		
The loss before income tax includes the following expenses:		
Interest paid to other entities	10,502	1,663
Interest accrued on convertible notes	105,111	-
Depreciation of plant and equipment	-	5,667
Employee benefits	513,828	561,607
Equity settled share based payments	14,500	22,780
Foreign exchange (gains)/losses	6,702	25,922

4. Current trade and other receivables

Trade receivables	73,869	811,105
Goods and services tax receivable	4,085	4,901
Other receivables	83,171	11,411
	161,125	827,417

5. Other current assets

Prepayments	983	1,523
	983	1,523

6. Intangible assets

Intangible assets	Cost	435,926	435,926
	Accumulated Amortisation	87,185	-
		348,741	435,926

Kollakorn Corporation Limited and Controlled Entities
Notes to the financial statements for the year ended 30 June 2014

7. Investment in Associates

Details of the Group's associates are as follows.

Name of associate	Principal activity	Place of incorporation and operation
Kollakorn Co Ltd	IT Infrastructure	Thailand

Kollakorn Corporation Ltd acquired a 19.90% interest in Kollakorn Co. Ltd (Kollakorn Thailand) on 30 June 2011, purchased an additional 8.80% in 2012, 2.49% in 2013 and 2.04% in 2014. The total purchase price for the 33.23% interest in this company to date has been \$6,461,652 (30 June 2013: \$5,778,243). The carrying amount in the statement of financial position of the Group's interest in Kollakorn Thailand at 30 June 2014 is \$5,367,308 (30 June 2013: \$5,098,723).

Pursuant to a resolution passed by the shareholders of Kollakorn, Kollakorn's Managing Director, Richard Sealy, who was appointed to the Board of Kollakorn Thailand has the right to cast 1 vote at board meetings of Kollakorn Thailand. He is one of 5 directors of Kollakorn Thailand.

As Kollakorn Corporation Limited holds 33.23% of the equity shares of Kollakorn Thailand, the directors of Kollakorn Corporation Limited have adopted Australian Accounting Standard AASB 128 – Equity Accounting and equity accounted for the investment in Kollakorn Thailand. The directors of Kollakorn Corporation Ltd do not however believe that they have control over the day to day running of Kollakorn Thailand.

Summarised financial information in respect of the Group's associates is set out below.

	30 Jun 2014	30 Jun 2013
	\$	\$
Total assets	6,884,098	8,315,140
Total liabilities	5,300,787	5,456,414
Net assets	1,583,311	2,858,726
Group's share of net assets of associates	526,135	891,637

	Year ended 30 Jun 2014	Year ended 30 Jun 2013
	\$	\$
Total revenue	84,847	83,180
Total loss for the year	(1,248,343)	(1,236,238)
Group's share of loss of associates	(414,824)	(385,611)

8. Current trade and other payables

	2014	2013
	\$	\$
Trade payables	1,091,326	714,737
Sundry creditors and accruals	192,735	194,349
	1,284,062	909,086

Kollakorn Corporation Limited and Controlled Entities
Notes to the financial statements for the year ended 30 June 2014

	Consolidated	
	2014	2013
9. Other financial liabilities		
Convertible note facility	1,303,847	465,634
Convertible note cancellation fee payable	594,480	603,774
	1,898,327	1,069,408

10. Current provisions

Employee benefits	74,824	64,406
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11. Issued capital

	2014	2013
	\$	\$
856,290,086 fully paid ordinary shares (2013: 854,290,086)	49,541,151	49,542,726

	Number	\$
Balance as at 30 June 2012	678,005,637	47,278,078
Issue on 14 August 2012	96,513,065	1,254,670
Issue on 29 August 2012	40,044,238	520,564
Issue on 29 August 2012	15,324,419	199,213
Issue on 21 January 2013	16,545,455	182,000
Issue on 4 February 2013	7,857,272	102,145
Costs associated with the issue of shares	-	(19,944)
Total at 30 June 2013	853,201,739	49,514,076
Add: Shares on escrow	1,088,437	-
Add: Issue of listed options	-	2,650
Add: Capital received in advance		26,000
Total ordinary shares as at 30 June 2013	854,290,086	49,542,726
Balance as at 30 June 2013	853,201,739	49,514,076
Issue on 13 June 2014	2,000,000	26,000
Costs associated with the issue of shares	-	(1,575)
Total at 30 June 2014	855,201,739	49,538,501
Add: Shares on escrow	1,088,347	-
Add: Issue of listed options	-	2,650
Total ordinary shares as at 30 June 2014	856,290,086	49,541,151

11. Issued capital (continued)

Unlisted Share Options

The consolidated entity has an ownership based remuneration scheme for directors and executives under which share options are issued at the discretion of the Board. The consolidated entity also issued unlisted options in accordance with convertible note facility agreements entered into during the year ended 30 June 2014.

	2014 Number	2013 Number
Balance at the beginning of the financial year	46,000,000	17,250,000
Granted during the financial year	89,000,000	29,000,000
Exercised during the financial year	-	-
Lapsed during the financial year	-	-
Expired during the financial year	-	(250,000)
Balance at the end of the financial year	<u>135,000,000</u>	<u>46,000,000</u>

Unlisted share options outstanding as at 30 June 2014 were

<u>Expiry Date</u>	<u>Exercise Price Per Option</u>	<u>Number</u>
31/07/2014	20 cents	750,000
31/07/2014	40 cents	750,000
31/12/2014	20 cents	1,000,000
31/12/2014	25 cents	1,000,000
1/12/2014	7.5 cents	13,500,000
14/08/2015	7.5 cents	5,000,000
7/03/2016	2 cents	4,000,000
7/03/2016	3 cents	4,000,000
7/03/2016	4 cents	4,000,000
28/05/2016	2 cents	4,000,000
28/05/2016	3 cents	4,000,000
28/05/2016	4 cents	4,000,000
03/09/2016	2 cents	17,000,000
03/09/2016	3 cents	17,000,000
03/09/2016	4 cents	17,000,000
05/12/2016	4 cents	5,000,000
05/12/2016	2 cents	11,000,000
05/12/2016	3 cents	11,000,000
05/12/2016	4 cents	11,000,000
		<u>135,000,000</u>

Kollakorn Corporation Limited and Controlled Entities
Notes to the financial statements for the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
12. Reserves		
Employee equity-settled benefits reserve	2,096,130	2,081,630
Foreign currency translation	(281,187)	(276,771)
	<u>1,814,943</u>	<u>1,804,859</u>

Employee equity-settled benefits reserve		
Balance at the beginning of the financial year	2,081,630	2,058,850
Share-based payment	14,500	22,780
Balance at the end of the financial year	<u>2,096,130</u>	<u>2,081,630</u>

Foreign currency translation		
Balance at the beginning of the financial year	(276,772)	(291,268)
(Deficit)/surplus from translation of financial statements of foreign operations	(4,415)	14,496
Balance at the end of the financial year	<u>(281,187)</u>	<u>(276,772)</u>

13. Accumulated Losses

Balance at the beginning of the financial year	(47,037,554)	(45,812,220)
Net loss attributable to members of the parent entity	(1,615,241)	(1,325,334)
Balance at the end of the financial year	<u>(48,652,795)</u>	<u>(47,037,554)</u>

14. Earnings per share

	Cents per share	Cents per share
Basic earnings per share	(0.19)	(0.16)
Diluted earnings per share	(0.19)	(0.16)
The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:		
Earnings	(1,615,241)	(1,325,334)
Weighted average number of shares	854,377,757	819,282,502

Kollakorn Corporation Limited and Controlled Entities
Notes to the financial statements for the year ended 30 June 2014

15. Reconciliation of Net Cash provided by Operating Activities to Loss after Income Tax

	Consolidated	
	2014	2013
	\$	\$
Loss from operating activities after income tax	(1,615,241)	(1,325,334)
Add (less) non-cash flows included in loss		
Depreciation & Amortisation of non-current assets	87,185	5,667
Loss on disposal of fixed assets	-	4,250
Equity settled share-based payments	14,500	22,780
Convertible note interest accrued	105,110	-
Investment revenue recognised in the profit & loss	(190,917)	(602,652)
Share of losses of associates	414,824	385,611
Payments for share issue costs included in trade creditors	(1,575)	-
Debt issue costs included in sundry creditors and accruals	-	40,550
Foreign currency loss on translation of net assets	(16,855)	95,788
Changes in operating assets and liabilities		
Decrease (increase) in trade and other receivables	666,291	795,949
Less: Equity settled trade debtors	(683,409)	-
Add: Investment revenue included in trade debtor movement	31,992	-
Decrease (increase) in other current assets	540	200,425
Increase (decrease) in trade and other payables	374,976	(470,206)
Add: Equity settled trade creditors	271,544	-
Increase (decrease) in provisions	(1,170)	11,587
Net cash outflow from operating activities	<u>(542,205)</u>	<u>(835,585)</u>

16. Contingent Liabilities

There are no contingent liabilities at the report date.

17. Events Subsequent to the Reporting Date

No events have occurred subsequent to the end of the financial reporting period, which requires adjustment in these financial statements.