Class Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Class Limited
ABN:	70 116 802 058
Reporting period:	For the year ended 30 June 2016
Previous period:	For the year ended 30 June 2015

2. Results for announcement to the market

		$'000
Revenues from ordinary activities	up 44.9%	to 22,731
Net profit after tax from ordinary activities, before one-off IPO expenses, attributable to the owners of Class Limited	up 71.1%	to 5,827
Profit from ordinary activities after tax attributable to the owners of Class Limited	up 53.0%	to 5,210
Profit for the year attributable to the owners of Class Limited	up 53.0%	to 5,210

Dividends	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2015 paid on 19 August 2015	0.750	-
1st quarter interim dividend for the year ending 30 June 2016 paid on 9 October 2015	0.750	-
2nd quarter interim dividend for the year ending 30 June 2016 paid on 7 March 2016	1.000	-
3rd quarter interim dividend for the year ending 30 June 2016 paid on 13 May 2016	1.000	-

On 18 July 2016, the directors declared an unfranked final dividend for the year ending 30 June 2016 of 1 cent per ordinary share with record date of 25 July 2016 and payment date of 12 August 2016.

Comments
Refer to Chairman's letter and CEO's report for further commentary on the results.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	12.77	5.17

The net tangible assets per ordinary share amount is calculated based on 116,820,283 ordinary shares on issue as at 30 June 2016 and 106,774,764 ordinary shares as at 30 June 2015.

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unqualified opinion has been issued.

Class Limited
Appendix 4E
Preliminary final report

5. Attachments

Details of attachments (if any):

The Annual Report of Class Limited for the year ended 30 June 2016 is attached.

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6. Signed

Signed ______________________ Date: 16 August 2016

Barry Lambert
Chairman
Sydney

Annual Report 2016

CLASS LIMITED

ACN 116 802 058

Class

About Class

Class Limited was founded in 2005 when a group of administrators and financial specialists came together to build a cloud-based software system to improve the efficiency of self managed super fund (SMSF) administration. The company has since focused on streamlining SMSF administration by building a highly automated and cost-effective solution for accountants, administrators and advisers.

Class Super was launched in 2009 after extensive development and testing. Instead of struggling with time-consuming manual processes and desktop-based software tools, users were able to manage all their SMSF administration and reporting needs from a single cloud based system. This included all steps from setting up a client to generation of their financial reports and lodgements with the ATO.

Class Super quickly became Australia's leading cloud-based SMSF administration and accounting software system, serving customers that included both large and small accounting firms, professional SMSF administrators, financial advisers and auditors. As of 30 June 2016, Class Super was used to administer more than 110,000 SMSFs and accounted for more than 19% of the SMSF administration software market.

The strength of Class Limited lies in its award-winning level of innovation. Class' software integrates real-time data feeds and facilitates collaboration between SMSF trustees and their professional advisers. It allows accountants, administrators, advisers and auditors to access a data system as their source of truth, where all functions regarding an SMSF can be carried out and recorded. The automation of certain processes has saved users hours, and in some cases days, of manual work.

In 2015, Class expanded in the wealth accounting market with the launch of Class Portfolio. Class Portfolio streamlines the administration of investment portfolios held by non-super entities such as companies, trusts and individuals.

In addition to providing software, Class has built an ecosystem of best-of-breed partners to automate the supply of additional services relevant to SMSF administration and wealth management. This ecosystem includes audit, actuarial, financial, legal and insurance products and service providers. Class' software now integrates with more than 40 partner product and service providers to supply streamlined services to SMSF and other portfolio administrators.

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Financial highlights

Year ended 30 June 2016

$22.73m

REVENUE

+7.05m from $15.68m

45%

GROWTH

IN 2016

$10.05m

EBITDA*

+4.09m from $5.96m

69%

GROWTH

IN 2016

* All references are before one-off expenses relating to the initial public offering. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from the full year financial report.

$8.6m
NPBT*

66%
+3.4m from $5.2m

$5.8m
NPAT*

71%
+2.4m from $3.4m

5.2c
EPS*

64%
+2.0c from 3.2c

3.75c
DIVIDEND

67%
+1.5c from 2.25c

* All references are before one-off expenses relating to the initial public offering. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from the full year financial report.

Chairman's letter

On behalf of the Board of Directors, I am pleased to welcome you to Class Limited's first annual report as a listed company. In particular, I would like to welcome our new shareholders. I trust your long-term experience will be very rewarding.

On 16 August 2016 we reported an increased net profit after tax (NPAT) of $5.8 million[1] for the year ended 30 June 2016, up 71% on the prior year. Dividends for the period were 3.75 cents per share, which was up 67% on the prior year.

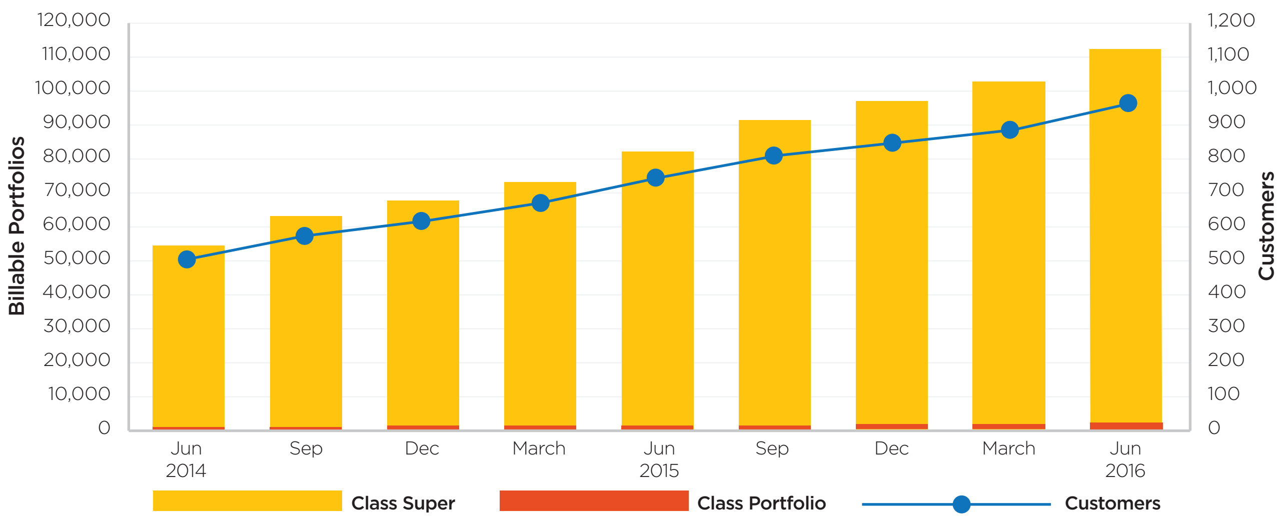
Class was incorporated in 2005 and listed on the Australian Securities Exchange (ASX) on 18 December 2015. The share price has risen steadily ever since, particularly after each market update, and more recently with the commencement of analyst coverage. We will do our best to continue to develop and grow your business and therefore, your profits and dividends.

Your directors understand the importance of balancing the interests of stakeholders – including our shareholders, our professional customers and, of course, our wonderful staff. Your company's success is due to all of these stakeholders and, in particular, the confidence shown by our new and existing customers who choose to use Class.

Growth of Class Solutions

Class Super has continued to grow at a fast rate, as outlined in the chart below. We expect the growth of this premium solution for the administration of self-managed super funds (SMSFs) will continue.

Billable Portfolios on Class – June 2014 to June 2016



Class Portfolio is our recently released non-super product. Its growth has been steady and similar to that of Class Super in the early period after its release.

Our CEO, Kevin Bungard, provides a more detailed report on the operations of the business in his report.

1 All references are before one-off expenses relating to the initial public offering. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from the full year financial report.

Profit and Dividend Outlook

While we expect both our earnings per share (EPS) and dividends will continue to grow in line with the growth of our funds, we will continue with quarterly updates to the market. However we will not be making projections, as we believe our factual quarterly market updates are better than conservative annual projections. We will of course advise the market of any material changes as they occur.

Customers and Staff

The directors would like to thank our customers for the continuing and growing confidence they are showing in our services, and of course the Class team for their outstanding performance. They are truly in a class of their own!

Annual General Meeting

I look forward to meeting many of you at our annual general meeting on Monday, 17 October 2016.

Barry Lambert

Chairman

CEO's report

A Milestone Year

I would like to echo the Chairman's sentiments and welcome you to our first annual report.

It has been a year of milestones for Class. We celebrated our 10 year anniversary, passed 100,000 billable portfolios, completed a successful initial public offering (IPO) and achieved a record result at year end. Congratulations must go to all stakeholders and especially our staff.

Financial Results

The directors of Class are pleased to report a strong year to 30 June 2016. The Company recorded a 71% increase in NPAT and a 69% increase in earnings before interest, tax, depreciation and amortisation (EBITDA) on the previous financial year. These increases are before one-off costs in relation to the IPO. After IPO transaction costs are taken into account, net profit after tax was $5.2 million, up 53%.

Total revenue grew by 45%. This was primarily driven by an increase in the number of billable portfolios, which grew by a record 30,618 in the past 12 months. Annualised licence fees at 30 June 2016 were $24.5 million.

Expenses excluding amortisation, depreciation and one-off expenses relating to the IPO increased by $2.9 million. This was driven by increased investment in the development of our new product, Class Portfolio, which is allowing us to expand into the non-SMSF portfolio administration space.

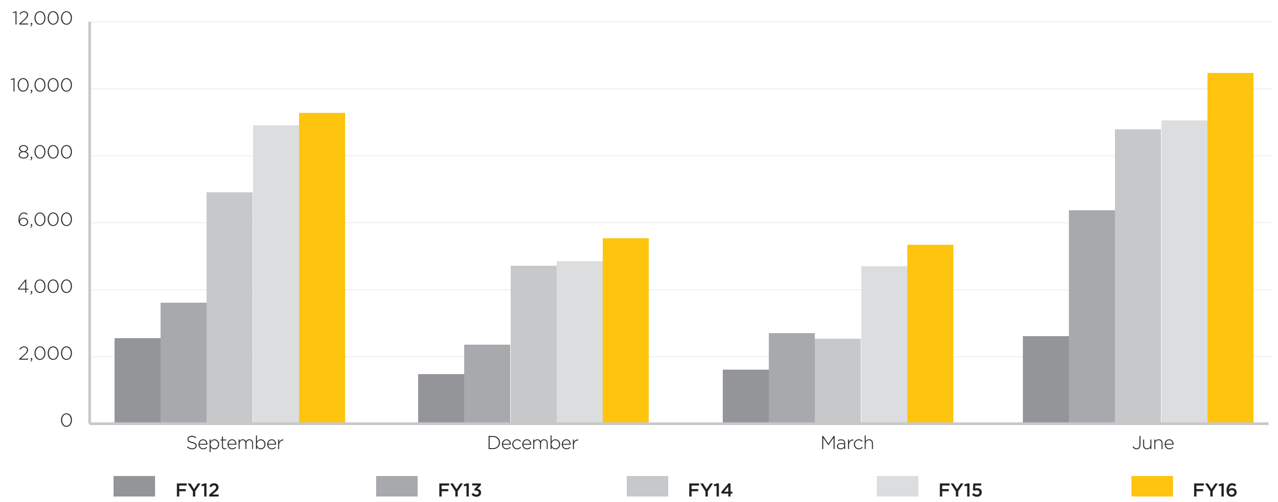
Employee benefits accounted for $2.5 million of our increased expenses. This was due in large part to the expansion of our client acquisition team, including the addition of implementation consultants and additional sales staff. These additional resources are needed to drive sales and bring customers on board, especially given the record number of portfolios brought onto Class during the year.

Billable Portfolios and Market Share

At 30 June 2016, Class had a total of 112,441 billable portfolios (30 June 2015: 81,823) including 110,614 billable SMSFs on the Class Super product. Class Super's share of the SMSF market at 30 June 2016 was 19.2% (out of an estimated total market of 576,000 SMSFs).

In addition to strong growth in sales of Class Super, there has also been increasing interest in Class' non-super solution. This new Class Portfolio product has experienced steady growth since its official release in October 2015 and had close to 2,000 billable portfolios as of 30 June 2016. While it is still early days, we expect Class Portfolio to continue to gain momentum as we release additional features, and refine and ramp up our marketing and sales efforts.

Quarterly Net Portfolio Growth



Operational Highlights

Class continues to be highly rated by accountants and advisers in our Customer Service and Satisfaction surveys. Our products are also being recognised by the industry, with Class Super winning the 2016 Investment Trends Overall User Satisfaction with SMSF Software award[2] for the second year in a row.

> "Class Super continues to be the top rated SMSF software provider in terms of overall satisfaction, with users' recognition of recent enhancements and innovations from Class Super keeping it in the lead.
>
> The continued expansion of data feeds and greater automation within the system has been well received by accountants.
>
> Users have also been enthusiastic about Class Super's foreign asset support, expansion of actuarial certificate providers and improved reporting functionality."
>
> ***Investment Trends***[3]

Class Super scored above the industry average for all features in the Investment Trends study. These features included the product's level of automation, smartphone/tablet functionality, data feeds, integration with actuarial and other document providers, timeliness of reporting, ease of generating tax returns, value for money, quality of training for software, and technical support.

More Class Super users were able to cite new features, processes and innovations than users of any other SMSF software provider. In the past 12 months, these improvements included a Member Console, better and more data feeds, online training and partner integrations.

In addition to the 2016 Investment Trends award, Class also won the following awards in FY16:

SMSF Adviser 2016 SMSF Award –
SMSF Software Provider Winner (for the 3rd year running)

2015 *BRW* most Innovative Companies –
Class placed 5th

CoreData 2015 SMSF award
(SMSF Accounting Software category)

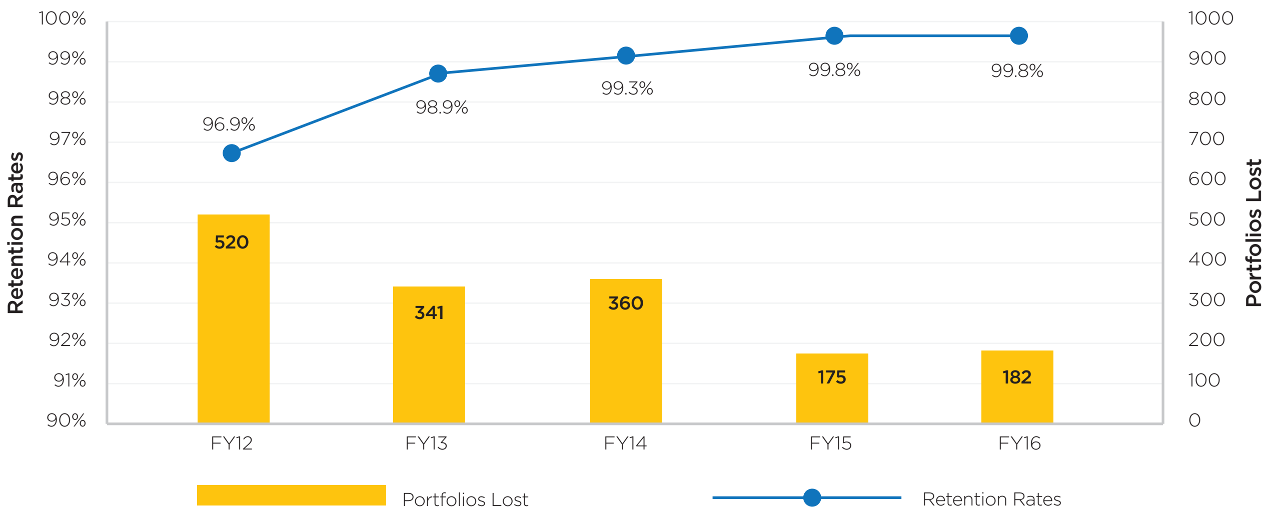
2 Source: Investment Trends February 2016 SMSF Accountant Report based on a survey of 1182 accountants in public practice.

3 Source: Investment Trends February 2016 SMSF Accountant Report based on a survey of 1182 accountants in public practice.

CEO's report continued

These high ratings are reflected in our client retention rate, which has remained about 99% in terms of billable portfolios.[4] With the exception of AMP, which is discussed below, our subscribers continue to choose Class and this high retention rate underpins the strong recurring revenue stream of our business.

Retention of Billable Portfolios (%)

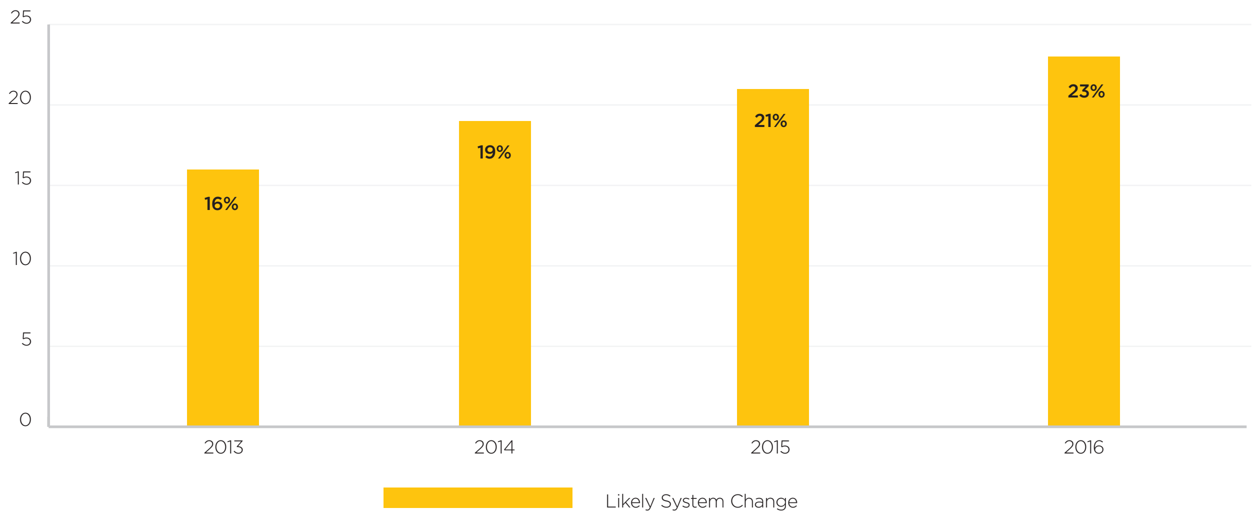


As previously advised in our supplementary prospectus and the December 2015 interim report, AMP has provided notice that one of its business groups will discontinue using Class Super. We expect AMP to transfer all of its SMSFs onto its own SMSF platform by early November 2017.

As at 30 June 2016, the number of SMSF portfolios administered by AMP on Class by AMP has seen a 4% reduction to 10,134. See the Significant Change of Affairs section of the Directors' report (page 13) for further details.

Class onboarded a record number of SMSFs over the past 12 months. Since 1 July 2015, the total number of billable portfolios on Class Super has grown by 36.8%. This growth was driven by the expansion in our sales team, increased marketing efforts and a gradual but persistent increase in the rate of cloud adoption by accountants.

Percentage of Accountants likely to change systems in the coming 12 months



4 The number of portfolios retained for billing at the end of the period as a percentage of the number of billable portfolios for the whole period

The above chart shows the number of accountants who indicated they were likely to change their SMSF software in the February 2016 SMSF Accountant Report by Investment Trends. Based on our own research, we estimate that around one in four accountants who intended to change systems did so over the past year.[5]

When asked about their priorities in regard to selecting new systems, 'cloud' was rated second only to 'ease of use' in the Investment Trends report.

> "The proportion of accountants saying they are likely to begin using a new SMSF software provider over the next 12 months reached the highest level observed (23%, up from 21% in 2015). Ease, having a cloud-based solution, less manual processing and good reporting tools are key to attracting these accountants."
>
> ***Investment Trends***[6]

Innovation

Class has been nominated as one of Australia's most innovative companies by The Australian Financial Review for the past two years. Innovation is central to how our business is structured, how we engage with our users and how we coordinate and allocate resources across the organisation. Our broader strategy is to continue to innovate and create a significant competitive gap between us and our competitors.

In addition to delivering an array of new data feeds, online training and document management capabilities, we introduced an industry-first, well-received 'one-click audit' feature. A couple of examples of the many new features added to Class Super during the year are:

Client View – mobile-optimised access that allows clients to view their investment data for SMSFs and other investment portfolios administered on Class. Client View enables accountants and advisers to improve the service and experience they provide to clients, which assists in retention.

Member Console – enables accountants to easily track their clients' contribution caps and pension limits to ensure those funds remain compliant. It enables accountants and advisers to have timely conversations with clients about retirement planning.

To ensure that innovation is embedded as a key part of our culture, we launched our internal Change Champion awards in 2014. These are awarded to staff in recognition of their contribution to innovation and change within the business.

Outlook

As the Chairman has stated, we will not be making projections. However, we will continue to update the market quarterly with our Shareholder Updates.

On behalf of the executive team I would like to thank our customers and shareholders who continue to reward our work with their loyalty and support. To our staff, we thank you for your efforts in making Class Australia's leading cloud software for SMSF administration.

Kevin Bungard

Chief Executive Officer and Managing Director

5 We estimate that cloud solutions market share rose from 23% to 28% in the year ending June 2016 and therefore at least 5% of accountants moved to a new cloud based system.

6 Investment Trends February 2016 SMSF Accountant Report based on a survey of 1182 accountants in public practice.

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Financial report 2016

Class Limited
Directors' report
30 June 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Class Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

Directors
The following persons were directors of Class Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Barry Lambert - Chairman
Kevin Bungard
Roderick Kibble
Rajarshi Ray
Kathryn Foster (appointed 1 July 2015)
Matthew Quinn (appointed 1 July 2015)
Anthony Fenning (appointed 15 July 2015)

Principal activities
During the financial year the principal continuing activities of the Group were to develop and distribute cloud-based accounting, investment reporting and administration software, namely Class Super and Class Portfolio.

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2016 $'000	2015 $'000
Final dividend for the year ended 30 June 2015 of 0.75 cents per ordinary share (2014: 2.5 cents before share-split)	835	694
1st quarter interim dividend for the year ended 30 June 2016 of 0.75 cents per ordinary share paid on 9 October 2015	835	-
2nd quarter interim dividend for the year ended 30 June 2016 of 1 cents per ordinary share paid on 7 March 2016 (2015: 3 cents before share-split)	1,168	832
3rd quarter interim dividend for the year ended 30 June 2016 of 1 cents per ordinary share paid on 13 May 2016 (2015: 3 cents before share-split)	1,168	832
	4,006	2,358

On 18 July 2016, the directors declared an unfranked final dividend for the year ended 30 June 2016 of 1 cent per ordinary share with payment date of 12 August 2016 to eligible shareholders on the register as at 25 July 2016. This equates to a total distribution of $1,168,000, based on the number of ordinary shares on issue as at 30 June 2016. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2016 financial statements and will be recognised in subsequent financial reports.

Review of operations

	2016 $'000	2015 $'000	Change $'000	Change %
Sales revenue	22,563	15,598	6,965	45%
Cost of undertaking business	(12,512)	(9,639)	(2,873)	30%
EBITDA*	10,051	5,959	4,092	69%
Interest revenue	168	86	82	95%
Depreciation and amortisation	(1,631)	(859)	(772)	90%
Tax expense*	(2,761)	(1,780)	(981)	55%
Net profit after tax*	5,827	3,406	2,421	71%
One-off IPO expenses**	(617)	-	(617)	-
Statutory net profit after tax	5,210	3,406	1,804	53%

Class Limited
Directors' report
30 June 2016

* All references are before one-off initial public offering ('IPO') expenses. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from the financial report.
** One-off IPO expenses net of tax benefits.

Basic Earnings per share before one-off IPO expenses amounted to 5.19 cents (2015: 3.17 cents).
Basic Earnings per share after one-off IPO expenses amounted to 4.64 cents (2015: 3.17 cents).

Refer to Chairman's letter and CEO's report for further commentary on the results

Significant changes in the state of affairs

On 15 June 2015 the shareholders passed a resolution to change the Company from a private company to a public company. On 18 September 2015 the Company obtained necessary approval from Australian Securities and Investments Commission for the conversion. As a result the Company changed its name from Class Pty Ltd to Class Limited.

Initial Public Offering ('IPO') and capital raising
During the financial year, the Company successfully completed an IPO raising capital of $5,429,000 by issuing 5,469,603 new ordinary shares. The Company was admitted to the Official List of Australian Securities Exchange Limited ('ASX') on 16 December 2015 with the ASX code: CL1.

Termination of loan funded share plan ('LFSP")
On 8 December 2015, the LFSP was terminated. 4,575,916 unvested options issued pursuant to LFSP were treated as fully vested in accordance with the IPO prospectus.

SuperIQ Pty Ltd
As advised in the Supplementary Prospectus dated 9 November 2015, AMP Ltd acquired SuperIQ Pty Ltd (‘SuperIQ’), a customer of the Group, as well as a competing software solution to the Group during the IPO period.

Subsequently, SuperIQ terminated its reseller agreement with the Group by providing two years’ notice as required by relevant contracts. As at 31 October 2015, AMP Ltd and its related bodies corporate, including SuperIQ ('AMP Entities') administered approximately 10,550 Billable Portfolios using the Group's products, representing approximately 9.3% of total licence fees.

Notwithstanding the termination notice, AMP Ltd has advised the Group that it does not plan to terminate any other agreement between the AMP Entities and the Group. However, the Directors believe that there is a possibility that the AMP Entities may, over time, do so and transfer these funds from the Class Super product to the competitor. As at 30 June 2016, AMP Entities billable portfolios on the Group's products remained steady. However, given the growth of the Group their percentage contribution to overall licence fees has fallen to approximately 7.35%.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of those operations are contained in the Chairman's letter and CEO’s report.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Class Limited
Directors' report
30 June 2016

Information on directors

Name:	Barry Lambert
Title:	Non-Executive Chairman
Experience and expertise:	Barry Lambert was appointed Chairman of the Group in November 2008. Mr Lambert is also the Chairman of ASX listed Countplus Limited. A former banker, in 1980 Mr Lambert was the founder of ASX Listed Count Financial Limited, a financial services group, which was taken over by the Commonwealth Bank of Australia (CBA) in 2011. Mr. Lambert remained as Chairman of the CBA owned Count Financial Limited until 20 January 2014. Mr Lambert is also the founder and Chairman of the Count Charitable Foundation.
Other current directorships:	Chairman of Countplus Limited
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Board and member of the Nomination Remuneration and Human Resources Committee
Interests in shares:	2,047,318

Name:	Kevin Bungard
Title:	Chief Executive Officer and Managing Director ('CEO')
Experience and expertise:	Mr Bungard is a highly regarded industry expert in cloud technology systems, with more than 30 years' experience developing software solutions and applying technology in the Australian financial services and superannuation administration industries. Mr Bungard joined the Group in 2008 as Chief Operating Officer and has overseen the commercialisation, launch and rapid growth of Class Super. In April 2014, Mr Bungard was appointed Chief Executive Officer and has continued to play an instrumental role in driving and delivering key innovation and successes for the Group. Mr Bungard also has responsibility, together with the Company Secretary, for human resource issues within the Group. Prior to joining the Group, Mr Bungard was a General Manager at the IQ Group where he managed the delivery of technology and business process outsourcing solutions to Australia's largest superannuation funds and their administrators. Significant projects included the development, sale and commercialisation of enterprise software solutions to Bravura and Australian Unity. Prior to his role at IQ Group, Mr Bungard was involved in major projects with Westfield, AMP, Macquarie and many of Australia's largest financial institutions.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	2,305,572
Interests in options:	975,860

Name:	Roderick Kibble
Title:	Non-Executive Director
Qualifications:	Bachelor of Commerce, University of New South Wales. Chartered Accountant and Fellow of the Financial Services Institute of Australasia. He is also a graduate of the Australian Institute of Company Directors.
Experience and expertise:	Mr Kibble has over 20 years' experience in bank assurance and investment markets, having been a senior executive at Price Waterhouse, Jardine Fleming Ord Minnett and J.P. Morgan Australia. Mr Kibble is a founding shareholder and Board member of the Company, appointed in November 2005.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	19,664,320

Class Limited
Directors' report
30 June 2016

Name:	Rajarshi Ray
Title:	Non-Executive Director
Qualifications:	Bachelor of Information Technology and Graduate Diploma in Accounting. Member of Chartered Accountants Australia and New Zealand. Graduate Diploma from the Financial Services Institute of Australia.
Experience and expertise:	Mr. Ray has over 20 years' experience in the Australian financial and information technology (IT) sectors, having held IT and finance roles across a number of companies. Most recently, for a decade at American Express, he held senior management roles in Europe, Asia, North America and Australia, including Head of Financial Planning and Funds Management, and Head of Small Business Services, and led several cross-border financial and technology-based infrastructure projects.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee
Interests in shares:	1,450,740

Name:	Kathryn Foster
Title:	Non-Executive Director
Qualifications:	Bachelor of Science (BSc) - International Marketing from Oregon State University, Associate of Science (ASc) - Computer Science and Information Systems from Shoreline Community University
Experience and expertise:	Ms Foster has over 20 years' experience creating and running large internet based businesses. Prior to becoming a professional director, Ms Foster was Senior Director of Microsoft Store online where she managed the sales and merchandising team for Microsoft Store online across 232 geographies. As the Senior Director, she was responsible for an annual revenue budget in the low billions of dollars. As Senior Director of e-commerce strategy in Supply Chain, and prior to that, for the inception of the Xbox Games Marketplace, Ms Foster set business vision, strategy and drove the technical execution around digital and physical supply chain technology and operations to enable Xbox's billion-dollar business globally.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination Remuneration and Human Resources Committee
Interests in shares:	783,312

Name:	Matthew Quinn
Title:	Non-Executive Director
Qualifications:	First Class Honours Degree in Chemistry & Management Science. Chartered Accountant.
Experience and expertise:	Mr Quinn was formerly managing director of Stockland, an ASX top 50 company, from 2000 to 2013. He has an extensive background in commercial, retail, industrial and residential property investment and development. He is now a Non-Executive Director of CSR Limited and UrbanGrowth NSW, a state owned corporation and is Chairman of Carbonxt Group Limited and mPort Pty Ltd. He was National President of the Property Council of Australia from 2003 to 2005 and a director of the Business Council of Australia in 2012. Mr Quinn is involved in a number of not-for-profits and is on the boards of the Public Interest Advocacy Centre and the Australian Business and Community Foundation.
Other current directorships:	Non-executive director CSR Limited (ASX: CSR)
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and member of the Nomination Remuneration and Human Resources Committee
Interests in shares:	50,000

Class Limited
Directors' report
30 June 2016

Name:	Anthony Fenning
Title:	Non-Executive Director
Qualifications:	Bachelor of Economics (BEc), Bachelor of Laws (LLB) and an MBA in Management at the Australian Graduate School of Management.
Experience and expertise:	Mr Fenning was appointed Chief Executive Officer of Shadforth Financial Group, a leading financial and business advisory firm in 2006. He took on the role of Managing Director of SFG Australia Ltd from 2011 to 2014, before the acquisition in 2014 of the business by IOOF. Previously, he was the Chief Executive Officer at Tynan Mackenzie and before that had a career in law and banking.
Other current directorships:	None
Former directorships (last 3 years):	SFG Australia Ltd
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Chief financial officer and company secretary
Glenn Day joined the Group in September 2008. Mr Day holds a Bachelor of Business, majoring in Accounting and is a member of CPA Australia.

Mr Day is responsible for the financial management of the Group, its corporate affairs and company secretarial matters. Mr Day also has responsibility, with the Chief Executive Officer, for human resources issues within the Group. Prior to joining the Group, Mr Day was the Head of Finance of an ASX-listed entity and has more than 15 years experience in the financial services and superannuation industries.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee		Nomination Remuneration and Human Resources Committee ('NRHRC')	
	Attended	Held	Attended	Held	Attended	Held
Barry Lambert	14	14	-	-	5	5
Kevin Bungard	14	14	-	-	-	-
Roderick Kibble*	14	14	1	1	5	5
Rajarshi Ray	14	14	3	3	-	-
Kathryn Foster	13	14	-	-	4	5
Matthew Quinn**	11	14	3	3	-	-
Anthony Fenning***	12	14	1	2	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Roderick Kibble resigned as a member of Audit and Risk Committee on 6 October 2015 and NRHRC on 18 July 2016.
** Matthew Quinn was appointed as a member of NRHRC on 18 July 2016.
*** Anthony Fenning was appointed as a member of Audit and Risk Committee on 6 October 2015.

Remuneration report (audited)
The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

Class Limited
Directors' report
30 June 2016

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for the delivery of reward.

The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination, Remuneration and Human Resources Committee ('NRHRC') is responsible for determining and reviewing remuneration arrangements for directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performing and high quality personnel.

The NRHRC has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the NRHRC. The NRHRC may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 24 November 2014 where the shareholders approved a maximum annual aggregate remuneration of $500,000.

Executive remuneration

The Group aims to reward executives with a level and mix of remuneration based on their position and responsibility, which has both fixed and variable components.

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Directors' report
30 June 2016

The executive remuneration and reward framework has three components:
- base pay and other remuneration such as superannuation, long service leave and non-monetary benefits
- short-term performance incentives
- long term performance incentives (share-based payments)

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the NRHRC and any proposed changes are recommended to the Board for approval. Remuneration is based on individual performance and overall performance of the Group and is positioned at the market median against the appropriate index for roles of comparative size, or relative to their counterparts in related industries.

There is no guaranteed base pay increase included in the executive contracts.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product development.

The long-term incentives ('LTI') comprise of share-based payments. The NRHRC reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2016, resulting in the termination of the Loan Funded Share Plan ('LFSP') and the establishment of an Employee Share Option Plan ('ESOP').

Options are granted to executives by the Board based on the recommendations of the NRHRC, having considered the individual’s contribution to the Group’s performance. The Board may specify vesting conditions for any option granted and may, at its discretion, waive or vary these conditions in regard to any option at any time.

The Board will determine the exercise price and vesting conditions.

Group performance and link to remuneration
STI payments are directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on financial targets being met such as budgeted net profit after tax. The remaining portion of the cash bonus and incentive payments are at the discretion of the NRHRC. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last two years.

The NRHRC is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
During the financial year ended 30 June 2016, the Group did not use any remuneration consultants.

Details of remuneration

Amounts of remuneration
Details of the remuneration of KMP of the Group are set out in the following tables. In line with Regulation 2M.3.03 of Corporation Regulations 2001, the Group has elected not to disclose comparatives.

The KMP of the Group consisted of the directors of Class Limited and the:
- Chief Financial Officer

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Directors' report
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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2016	Cash salary and fees $	Cash bonus* $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled options $	Total $
Non-Executive Directors:							
Barry Lambert	90,000	-	-	8,550	-	-	98,550
Roderick Kibble	60,000	-	-	5,700	-	-	65,700
Rajarshi Ray	60,000	-	-	5,700	-	-	65,700
Kathryn Foster	60,000	-	-	5,700	-	-	65,700
Matthew Quinn	60,000	-	-	5,700	-	-	65,700
Anthony Fenning	60,000	-	-	5,700	-	-	65,700
Executive Directors:							
Kevin Bungard	261,863	15,000	-	27,639	8,509	93,044	406,055
Other Key Management Personnel:							
Glenn Day	206,158	25,000	-	21,410	7,936	79,215	339,719
	858,021	40,000	-	86,099	16,445	172,259	1,172,824

* Bonuses were awarded on 5 August 2016 and are in relation to performance for the year ended 30 June 2016.

Non-Executive Directors' salaries are 100% fixed. The fixed proportion and the proportion of remuneration linked to performance of Executive Directors and KMP are as follows:

Name	Fixed remuneration 2016	At risk - STI 2016	At risk - LTI 2016
Executive Directors:			
Kevin Bungard	73%	4%	23%
Other Key Management Personnel:			
Glenn Day	69%	8%	23%

Service agreements
Non-Executive Directors do not have fixed term contracts with the Group. On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Group in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation. Non-Executive directors retire by whichever is the longer period: the third annual general meeting following their appointment, or the third anniversary from the date of appointment, but may then be eligible for re-election.

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Directors' report
30 June 2016

Remuneration and other terms of employment for Executives are formalised in service agreements. Details of these agreements are as follows:

Name:	Kevin Bungard
Title:	Chief Executive Officer and Managing Director ('CEO')
Agreement commenced:	8 October 2015
Term of agreement:	Ongoing
Details:	The terms of employment and remuneration of the CEO are detailed in a tailored service agreement. The agreement is not of a fixed duration and may be terminated by either party, providing an adequate notice period is given. Prior to the first anniversary of the agreement, the required notice period is 6 months, decreasing to 3 months if notice is given after the first anniversary. The agreement entitles the individual to a base salary and superannuation contributions, as well as eligibility to participate in the Executive Incentive Plan (EIP). The Board retains absolute discretion relating to the EIP, it's continuance and whether any payments will be made in any given year. Upon termination, the individual is bound by restraint clauses spanning a period of up to 12 months and no less than 3 months, dependant on the circumstances surrounding the termination.

Name:	Glenn Day
Title:	Chief Financial Officer and Company Secretary ('CFO')
Agreement commenced:	8 October 2015
Term of agreement:	Ongoing
Details:	The terms of employment and remuneration of the CFO are detailed in a tailored service agreement. The agreement is not of a fixed duration and may be terminated by either party, providing a notice period of 3 months is given. The agreement entitles the individual to a base salary and superannuation contributions, as well as eligibility to participate in the EIP. The Board retains absolute discretion relating to the EIP, it's continuance and whether any payments will be made in any given year. Upon termination, the individual is bound by restraint clauses spanning a period of up to 12 months and no less than 3 months, dependant on the circumstances surrounding the termination.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Particulars	Expiry date	Exercise price	Fair value per option at grant date
17/08/2015	Kevin Bungard: 260,000 options	16/06/2017	$0.69	$0.053
17/08/2015	Glenn Day: 253,979 options	16/06/2017	$0.69	$0.053
30/09/2015	Kevin Bungard: 495,860 options	30/09/2019	$1.10	$0.197
30/09/2015	Glenn Day: 484,377 options	30/09/2019	$1.10	$0.197
30/09/2015	Kevin Bungard: 280,000 options	30/09/2020	$1.33	$0.168
30/09/2015	Glenn Day: 120,000 options	30/09/2020	$1.33	$0.168
29/06/2016	Kevin Bungard: 200,000 options	30/06/2021	$3.81	$0.661
29/06/2016	Glenn Day: 90,000 options	30/06/2021	$3.81	$0.661

Options granted under ESOP carry no dividend or voting rights.

Class Limited
Directors' report
30 June 2016

The number of options over ordinary shares granted to and vested in directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Number of options granted during the year 2016	Number of options vested during the year 2016
Kevin Bungard	1,235,860	1,140,000
Rajarshi Ray	-	240,000
Glenn Day	948,356	613,979

Additional information

The earnings of the Group for the two years to 30 June 2016 are summarised below:

	2016 $'000	2015 $'000
Sales revenue	22,563	15,598
EBITDA	10,051	5,959
Profit after tax	5,210	3,406
Dividends paid	4,006	2,358

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2016	2015
Share price at financial year end ($)	3.30	-
Basic earnings per share (cents per share)	4.64	3.17

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions*	Disposals/ other	Balance at the end of the year
Ordinary shares					
Barry Lambert	184,148	-	1,900,000	(36,830)	2,047,318
Kevin Bungard	1,743,236	-	1,222,336	(660,000)	2,305,572
Roderick Kibble	22,884,320	-	-	(3,220,000)	19,664,320
Rajarshi Ray	1,297,500	-	333,240	(180,000)	1,450,740
Kathryn Foster	979,140	-	-	(195,828)	783,312
Matthew Quinn	-	-	50,000	-	50,000
Glenn Day	740,664	-	717,315	(1,055,479)	402,500
	27,829,008	-	4,222,891	(5,348,137)	26,703,762

* Additions include 1,993,979 ordinary shares issued on exercise of options pursuant to LFSP

Class Limited
Directors' report
30 June 2016

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Kevin Bungard	880,000	1,235,860	(1,140,000)	-	975,860
Rajarshi Ray*	240,000	-	(240,000)	-	-
Glenn Day	360,000	948,356	(613,979)	-	694,377
	1,480,000	2,184,216	(1,993,979)	-	1,670,237

* Options issued on 3 December 2013 when Mr. Ray was CEO of the Company.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Class Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
30/09/2015	30/09/2019	$1.10	2,624,084
30/09/2015	30/09/2020	$1.33	1,058,506
29/06/2016	30/06/2021	$3.81	1,168,202
			4,850,792

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

Shares issued on the exercise of options
The following ordinary shares of Class Limited were issued during the year ended 30 June 2016 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
03/12/2013	$0.61	2,400,000
28/04/2014	$0.59	400,000
30/06/2014	$0.75	400,000
17/08/2015	$0.69	1,375,916
		4,575,916

The exercise of options above were all issued under the LFSP prior to the IPO.

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

Class Limited
Directors' report
30 June 2016

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 22 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity 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 issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Grant Thornton
There are no officers of the Company who are former partners of Grant Thornton.

Rounding of amounts
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
Grant Thornton continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Barry Lambert
Chairman

Kevin Bungard
Chief Executive Officer and Managing Director

16 August 2016
Sydney

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Class Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Class Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M Leivesley

Matthew Leivesley
Partner - Audit & Assurance

Sydney, 16 August 2016

Class Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Revenue	5	22,731	15,684
Expenses			
Employee benefits expense		(9,813)	(7,347)
Depreciation and amortisation expense	6	(1,631)	(859)
Selling and marketing expenses		(834)	(705)
Occupancy expenses		(309)	(215)
Technology costs		(407)	(464)
Transaction costs on initial public offering		(882)	-
Other expenses		(1,149)	(908)
Profit before income tax expense		7,706	5,186
Income tax expense	7	(2,496)	(1,780)
Profit after income tax expense for the year attributable to the owners of Class Limited		5,210	3,406
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Class Limited		5,210	3,406
		Cents	**Cents**
Basic earnings per share	29	4.64	3.17
Diluted earnings per share	29	4.59	3.17

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

Class Limited
Statement of financial position
As at 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Assets			
Current assets			
Cash and cash equivalents	8	15,179	5,950
Trade and other receivables	9	2,318	1,667
Other	10	496	265
Total current assets		17,993	7,882
Non-current assets			
Property, plant and equipment	11	604	480
Intangibles	12	3,571	2,381
Deferred tax asset	7	307	1,111
Total non-current assets		4,482	3,972
Total assets		22,475	11,854
Liabilities			
Current liabilities			
Trade and other payables	13	2,268	1,615
Income tax provision	7	666	523
Provisions	14	434	402
Total current liabilities		3,368	2,540
Non-current liabilities			
Provisions	15	313	297
Total non-current liabilities		313	297
Total liabilities		3,681	2,837
Net assets		18,794	9,017
Equity			
Issued capital	16	24,260	16,152
Reserves	17	559	2,647
Retained earnings		(6,025)	(9,782)
Total equity		18,794	9,017

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

Class Limited
Statement of changes in equity
For the year ended 30 June 2016

Consolidated	Issued capital $'000	Profit reserve $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2014	16,866	1,593	(95)	(9,870)	8,494
Profit after income tax expense for the year	-	-	-	3,406	3,406
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,406	3,406
Transactions with owners in their capacity as owners:					
Share-based payments (note 30)	-	-	153	-	153
Treasury shares	(714)	-	-	-	(714)
Transfer to profit reserve	-	3,318	-	(3,318)	-
Application of dividends to loan funded share plan	-	-	36	-	36
Dividends paid (note 18)	-	(2,358)	-	-	(2,358)
Balance at 30 June 2015	16,152	2,553	94	(9,782)	9,017

Consolidated	Issued capital $'000	Profit reserve $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2015	16,152	2,553	94	(9,782)	9,017
Profit after income tax expense for the year	-	-	-	5,210	5,210
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,210	5,210
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 16)	8,108	-	-	-	8,108
Share-based payments (note 30)	-	-	465	-	465
Transfer from profit reserve	-	(2,553)	-	2,553	-
Dividends paid (note 18)	-	-	-	(4,006)	(4,006)
Balance at 30 June 2016	24,260	-	559	(6,025)	18,794

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

Class Limited
Statement of cash flows
For the year ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		24,168	16,584
Payments to suppliers and employees (inclusive of GST)		(14,661)	(10,216)
Interest received		168	86
Income taxes refunded/(paid)		(1,549)	464
Net cash from operating activities	28	8,126	6,918
Cash flows from investing activities			
Payments for property, plant and equipment		(318)	(168)
Payments for intangibles		(2,627)	(1,853)
Payments for term deposits		(54)	-
Proceeds from disposal of property, plant and equipment		-	1
Net cash used in investing activities		(2,999)	(2,020)
Cash flows from financing activities			
Proceeds from issue of shares		5,429	-
Proceeds from treasury shares on vesting of loan funded share plan		2,943	-
Payments for share purchase by employee share trust - treasury shares		-	(714)
Share issue transaction costs		(264)	-
Dividends paid	18	(4,006)	(2,358)
Net cash from/(used in) financing activities		4,102	(3,072)
Net increase in cash and cash equivalents		9,229	1,826
Cash and cash equivalents at the beginning of the financial year		5,950	4,124
Cash and cash equivalents at the end of the financial year	8	15,179	5,950

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

Class Limited
Notes to the financial statements
30 June 2016

Note 1. General information

These financial statements represent the consolidated financial statements of the Group consisting of Class Limited (the Company) and its subsidiaries. The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Class Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Class Limited
Level 3, 228 Pitt Street
Sydney, NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 August 2016. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 26.

Rounding of amounts
The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Class Limited
Notes to the financial statements
30 June 2016

Note 3. Critical accounting judgements, estimates and assumptions

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

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Capitalised software development costs
Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

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

Impairment of non-financial assets
The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Class Limited
Notes to the financial statements
30 June 2016

Note 4. Operating segments

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Directors have determined that there is one operating segment identified and located in Australia. The information reported to the CODM is the consolidated results of the Group.

The segment results are as shown in the statement of profit or loss and other comprehensive income. Refer to statement of financial position for segment assets and liabilities.

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Revenue

	Consolidated	
	2016 $'000	2015 $'000
Sales revenue		
Software licence fees	21,432	14,908
Service fees	252	162
Commission and partner fees	879	528
	22,563	15,598
Other revenue		
Interest	168	86
Revenue	22,731	15,684

Accounting policy for revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Software licence fees
The Group recognises revenue pursuant to software licence agreements upon the provision of access to its customers of the Group’s intellectual property as it exists at any given time during the period of the license. Revenue is recognised over the duration of the agreement or for as long as the customer has been provided access, when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable.

Service fees
Fees for the provision of services are recognised as revenue as the services are rendered, in accordance with the terms and conditions of the service agreement.

Commission and partner fees
The Group recognises commission and partner fees pursuant to an agreement when it sells a third party’s products to customers which provides these customers with access to products and services.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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Note 6. Expenses

	Consolidated 2016 $'000	Consolidated 2015 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	32	54
Furniture and fittings	12	8
Computer equipment	139	86
Office equipment	11	13
Total depreciation	194	161
Amortisation		
Website tools development	52	36
Software development	1,360	640
Computer software	25	22
Total amortisation	1,437	698
Total depreciation and amortisation	1,631	859
Rental expense relating to operating leases		
Minimum lease payments	282	196
Superannuation expense		
Defined contribution superannuation expense	1,058	867

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Note 7. Income tax

	Consolidated 2016 $'000	Consolidated 2015 $'000
Income tax expense		
Current tax	1,692	530
Deferred tax - origination and reversal of temporary differences	804	1,250
Aggregate income tax expense	2,496	1,780
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	804	1,250
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	7,706	5,186
Tax at the statutory tax rate of 30%	2,312	1,556
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	15	-
Share-based payments	150	-
Non allowable deductions	19	66
Research and development uplift and investment allowance	-	(82)
	2,496	1,540
Capital gain on tax consolidation	-	240
Income tax expense	2,496	1,780

	Consolidated 2016 $'000	Consolidated 2015 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	596	1,482
Accrued expenses	741	321
Software development - R & D	(1,030)	(692)
Deferred tax asset	307	1,111
Movements:		
Opening balance	1,111	2,361
Charged to profit or loss	(804)	(1,250)
Closing balance	307	1,111

	Consolidated 2016 $'000	Consolidated 2015 $'000
Provision for income tax		
Provision for income tax	666	523

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Note 7. Income tax (continued)

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Class Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime with effect from 1 July 2014. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2016 $'000	2015 $'000
Cash on hand and at bank	15,179	5,950

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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Note 9. Current assets - trade and other receivables

	Consolidated 2016 $'000	Consolidated 2015 $'000
Trade receivables	2,307	1,645
Less: Provision for impairment of receivables	(8)	(3)
	2,299	1,642
Accrued revenue	19	25
	2,318	1,667

Impairment of receivables
The Group has recognised a loss of $5,000 (2015: $3,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2016.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2016 $'000	Consolidated 2015 $'000
0 to 3 months overdue	4	-
3 to 6 months overdue	4	1
Over 6 months overdue	-	2
	8	3

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Opening balance	3	-
Additional provisions recognised	5	3
Closing balance	8	3

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $28,000 as at 30 June 2016 ($7,000 as at 30 June 2015).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated 2016 $'000	Consolidated 2015 $'000
0 to 3 months overdue	28	7

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Note 9. Current assets - trade and other receivables (continued)

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 and 90 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 10. Current assets - other

	Consolidated	
	2016 $'000	2015 $'000
Prepayments	355	178
Term deposits*	141	87
	496	265

*Includes term deposit which is held as security for lease of office premises $141,000 (2015: $87,000).

Note 11. Non-current assets - property, plant and equipment

	Consolidated	
	2016 $'000	2015 $'000
Leasehold improvements - at cost	156	156
Less: Accumulated depreciation	(107)	(75)
	49	81
Furniture and fittings - at cost	133	117
Less: Accumulated depreciation	(29)	(17)
	104	100
Computer equipment - at cost	722	435
Less: Accumulated depreciation	(341)	(202)
	381	233
Office equipment - at cost	105	90
Less: Accumulated depreciation	(35)	(24)
	70	66
	604	480

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Note 11. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $'000	Furniture and fittings $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Balance at 1 July 2014	118	95	188	76	477
Additions	17	13	136	3	169
Disposals	-	-	(5)	-	(5)
Depreciation expense	(54)	(8)	(86)	(13)	(161)
Balance at 30 June 2015	81	100	233	66	480
Additions	-	16	287	15	318
Depreciation expense	(32)	(12)	(139)	(11)	(194)
Balance at 30 June 2016	49	104	381	70	604

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	3-5 years
Furniture and fittings	10-20 years
Computer equipment	3-5 years
Office equipment	3-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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Note 12. Non-current assets - intangibles

	Consolidated 2016 $'000	Consolidated 2015 $'000
Website tools development - at cost	157	155
Less: Accumulated amortisation	(101)	(49)
	56	106
Trademarks and domain names - at cost	36	36
Software development - at cost	12,185	9,570
Less: Accumulated amortisation	(8,730)	(7,370)
	3,455	2,200
Computer software - at cost	76	68
Less: Accumulated amortisation	(52)	(29)
	24	39
	3,571	2,381

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Website tools development $'000	Trademarks and domain names $'000	Software development $'000	Computer software $'000	Total $'000
Balance at 1 July 2014	63	18	1,117	29	1,227
Additions	79	18	1,723	32	1,852
Amortisation expense	(36)	-	(640)	(22)	(698)
Balance at 30 June 2015	106	36	2,200	39	2,381
Additions	2	-	2,615	10	2,627
Amortisation expense	(52)	-	(1,360)	(25)	(1,437)
Balance at 30 June 2016	56	36	3,455	24	3,571

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website tool and software development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when: it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the internal development: and the costs incurred can be measured reliably. These capitalised costs are amortised commencing from the time the asset's development reaches the condition necessary for it to be capable of operation in the manner intended by management. Amortisation is on a straight-line basis over the period of their expected benefit, being their finite useful lives of three years.

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Note 12. Non-current assets - intangibles (continued)

Trademarks and domain names
Significant costs associated with trademarks and domain names are capitalised. Such assets are not on the basis that they are deemed to have an indefinite life. This assumption is reassessed every year. Instead, trademarks and domain names are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. They are carried at cost less accumulated impairment losses.

Computer software
Software purchased from third parties are capitalised and amortised on a straight-line basis over the period of their expected benefit of between three to five years.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	2016 $'000	2015 $'000
Trade payables	517	362
Accrued expenses	1,303	938
BAS payable	448	315
	2,268	1,615

Refer to note 19 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 14. Current liabilities - provisions

	Consolidated	
	2016 $'000	2015 $'000
Annual leave	387	355
Deferred lease incentives	47	47
	434	402

Deferred lease incentives
The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

Accounting policy for employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave not expected to be settled within 12 months of the reporting date but for which employees have a current entitlement is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method (refer to the accounting policy in note 15 for further details). Such amounts are presented as current liabilities as the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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Note 15. Non-current liabilities - provisions

	Consolidated 2016 $'000	Consolidated 2015 $'000
Long service leave	285	222
Deferred lease incentives	28	75
	313	297

Movements in provisions
Movements in each class of provision (current and non-current) during the current financial year, other than employee benefits, are set out below:

Consolidated - 2016	Deferred lease incentives $'000
Carrying amount at the start of the year	122
Amounts used	(47)
Carrying amount at the end of the year	75

Accounting policy for other long-term employee benefits
The liability for long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Pursuant to this method, consideration is given to expected future wage and salary levels, past experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 16. Equity - issued capital

	Consolidated 2016 Shares	Consolidated 2015 Shares	Consolidated 2016 $'000	Consolidated 2015 $'000
Ordinary shares - fully paid	116,820,283	111,350,680	24,260	18,715
Less: Treasury shares	-	(4,575,916)	-	(2,563)
	116,820,283	106,774,764	24,260	16,152

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Note 16. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2014	-	-
Transfer of Class A shares into ordinary shares	15 June 2015	1,500,000	16
Transfer of Class B shares into ordinary shares	15 June 2015	26,337,670	18,699
Share split	15 June 2015	83,513,010	-
Balance	30 June 2015	111,350,680	18,715
Exercise price transferred on vesting of loan funded share plan	8 December 2015	-	380
Issuance of shares at $1.00 per share	14 December 2015	5,318,603	5,319
Issuance of shares in the employee offer	14 December 2015	41,000	-
Issuance of shares at $1.00 per share	24 December 2015	110,000	110
Share issue transaction costs, net of tax		-	(264)
Balance	30 June 2016	116,820,283	24,260

Movements in Treasury Shares

Details	Date	Shares	$'000
Balance	1 July 2014	(860,000)	(1,849)
Shares purchase by employee share trust	24 February 2015	(283,979)	(714)
Share split	15 June 2015	(3,431,937)	-
Balance	30 June 2015	(4,575,916)	(2,563)
Termination of loan funded share plan due to vesting of all unvested shares	8 December 2015	4,575,916	2,563
Balance	30 June 2016	-	-

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Conversion of Class A shares and Class B shares and subsequent share split (comparative period)
On 15 June 2015, each Class A and Class B share on issue was converted into one fully-paid ordinary share such that the Company has only one class of ordinary share capital on issue. In addition, the share capital of the Company underwent a share split of 4 new shares for each existing share on that date.

Termination of loan funded share plan ('LFSP")
The Company had an equity scheme pursuant to which certain employees accessed a loan funded share plan ('LFSP'). The acquisition of shares by an employee in the Company was fully funded by the Company through the granting of a full recourse loan over a period of up to 42 months.

On 8 December 2015, the LFSP was terminated. 4,575,916 unvested options issued pursuant to LFSP were treated as fully vested in accordance with the IPO prospectus. On vesting the employees fully repaid the loan amount including the exercise price as per the LFSP.

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Note 16. Equity - issued capital (continued)

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

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

The Group has complied with the capital requirements prescribed under its Australian Financial Service Licence.

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares
Shares issued as part of the Loan Funded Share Plan are held on trust and disclosed as treasury shares under issued capital.

Note 17. Equity - reserves

	Consolidated	
	2016 $'000	2015 $'000
Profit reserve	-	2,553
Share-based payments reserve	612	147
Acquisition reserve	(53)	(53)
	559	2,647

Profit reserve
The reserve was previously used to transfer profits from retained earnings for the purpose of distributing dividends. Dividends are now distributed out of retained earnings.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Acquisition reserve
The reserve resulted from the acquisition of non-controlling interests in a subsidiary. The acquisition of non-controlling interests is not a business combination but is an equity transaction between owners. Accordingly, the difference between consideration paid and fair value of identifiable net assets of the non-controlling interest has been accounted for in the acquisition reserve.

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Note 17. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Profit reserve $'000	Share-based payment reserve $'000	Acquisition reserve $'000	Total $'000
Balance at 1 July 2014	1,593	(42)	(53)	1,498
Transfer from retained earnings	3,318	-	-	3,318
Dividends paid	(2,358)	-	-	(2,358)
Share based payment	-	153	-	153
Application of dividends to loan funded share plan	-	36	-	36
Balance at 30 June 2015	2,553	147	(53)	2,647
Transfer to retained earnings	(2,553)	-	-	(2,553)
Share based payment	-	465	-	465
Balance at 30 June 2016	-	612	(53)	559

Note 18. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Final dividend for the year ended 30 June 2015 of 0.75 cents per ordinary share (2014: 2.5 cents before share-split)	835	694
1st quarter interim dividend for the year ended 30 June 2016 of 0.75 cents per ordinary share paid on 9 October 2015	835	-
2nd quarter interim dividend for the year ended 30 June 2016 of 1 cents per ordinary share paid on 7 March 2016 (2015: 3 cents before share-split)	1,168	832
3rd quarter interim dividend for the year ended 30 June 2016 of 1 cents per ordinary share paid on 13 May 2016 (2015: 3 cents before share-split)	1,168	832
	4,006	2,358

On 18 July 2016, the directors declared an unfranked final dividend for the year ended 30 June 2016 of 1 cent per ordinary share with payment date of 12 August 2016 to eligible shareholders on the register as at 25 July 2016. This equates to a total distribution of $1,168,000, based on the number of ordinary shares on issue as at 30 June 2016. The financial effect of dividends declared after the reporting date is not reflected in the 30 June 2016 financial statements and will be recognised in subsequent financial reports.

Franking credits

	Consolidated 2016 $'000	Consolidated 2015 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	1,454	24

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

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Note 18. Equity - dividends (continued)

At 30 June 2016 there was a deferred franking liability of $Nil (2015: $151,000) resulting from refunds received in relation to Research and Development Tax Incentive.

Accounting policy for dividends
Dividends are recognised when declared during the financial year and are no longer at the discretion of the Company.

Note 19. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

Market risk

Foreign currency risk
The Group is not exposed to any significant foreign currency risk.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's exposure to interest rate risk is limited to cash at bank and short term deposits.

An official increase/decrease in interest rates of 50 (2015: 50) basis points would have an adverse/favourable effect on profit before tax of $77,000 (2015: $30,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

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

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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Note 19. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	517	-	-	-	517
Total non-derivatives	517	-	-	-	517

Consolidated - 2015	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade payables	362	-	-	-	362
Total non-derivatives	362	-	-	-	362

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 20. Fair value measurement

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

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

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

Class Limited
Notes to the financial statements
30 June 2016

Note 21. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2016 $	Consolidated 2015 $
Short-term employee benefits	898,021	836,348
Post-employment benefits	86,099	78,803
Long-term benefits	16,445	37,341
Share-based payments	172,259	85,836
	1,172,824	1,038,328

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Company:

	Consolidated 2016 $	Consolidated 2015 $
Audit services - Grant Thornton		
Audit or review of the financial statements	67,950	44,915
Other services - Grant Thornton		
Due diligence	40,000	-
Tax compliance services	15,750	25,500
Taxation advisory services	108,775	-
	164,525	25,500
	232,475	70,415

Note 23. Contingent liabilities

The Group has given bank guarantees as at 30 June 2016 of $141,000 (2015: $87,000) to various landlords.

Note 24. Commitments

	Consolidated 2016 $'000	Consolidated 2015 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	517	246
One to five years	1,253	390
	1,770	636

Operating lease commitments relate to leases of office premises under non-cancellable operating leases expiring within two and four years with options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Class Limited
Notes to the financial statements
30 June 2016

Note 25. Related party transactions

Parent entity
Class Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Key management personnel
Disclosures relating to key management personnel are set out in note 21 and the remuneration report included in the directors' report.

Transactions with related parties
Rajarshi Ray, a director of the Company is also a director of Heffron Consulting Pty Ltd, a major customer of the Group. Heffron Consulting Pty Ltd also provides actuarial certificates to the customers of the Group. Mr Ray is not a shareholder of Heffron, is one of three directors and is not related to any of the other directors. Transactions between Heffron Consulting Pty Ltd and the Group are at arm's length and on normal commercial terms.

Barry Lambert, a director of the Company is also a director of Countplus Limited, a major customer of the Group. Barry Lambert is one of five Directors and is not related to any of the other directors. Transactions between Countplus Limited and the Group are at arm's length and on normal commercial terms.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

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

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2016 $'000	2015 $'000
Profit after income tax	4,442	2,022
Total comprehensive income	4,442	2,022

Class Limited
Notes to the financial statements
30 June 2016

Note 26. Parent entity information (continued)

Statement of financial position

	Parent 2016 $'000	Parent 2015 $'000
Total current assets	12,849	4,705
Total assets	23,526	14,986
Total current liabilities	2,987	3,472
Total liabilities	3,300	3,769
Equity		
Issued capital	24,260	16,152
Profit reserve	-	1,256
Share-based payments reserve	612	147
Retained earnings	(4,646)	(6,338)
Total equity	20,226	11,217

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2016 and 30 June 2015.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Class Super Pty Limited	Australia	100.00%	100.00%
Class Investment Reporter Pty Ltd	Australia	100.00%	100.00%
Super IP Incentive Pty Ltd	Australia	100.00%	100.00%

Class Limited
Notes to the financial statements
30 June 2016

Note 28. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2016 $'000	Consolidated 2015 $'000
Profit after income tax expense for the year	5,210	3,406
Adjustments for:		
Depreciation and amortisation	1,631	859
Net loss on disposal of property, plant and equipment	-	5
Share-based payments	465	188
Change in operating assets and liabilities:		
Increase in trade and other receivables	(651)	(575)
Decrease in income tax refund due	-	472
Decrease in deferred tax assets	804	1,250
Increase in prepayments	(177)	(79)
Increase in other operating assets	-	(1)
Increase in trade and other payables	653	696
Increase in provision for income tax	143	523
Increase in employee benefits	95	221
Decrease in other provisions	(47)	(47)
Net cash from operating activities	8,126	6,918

Note 29. Earnings per share

	Consolidated 2016 $'000	Consolidated 2015 $'000
Profit after income tax attributable to the owners of Class Limited	5,210	3,406
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	112,336,128	107,515,443
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	1,114,769	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	113,450,897	107,515,443
	Cents	**Cents**
Basic earnings per share	4.64	3.17
Diluted earnings per share	4.59	3.17

Accounting policy for earnings per share

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

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Class Limited
Notes to the financial statements
30 June 2016

Note 30. Share-based payments

The Group has established the Class Limited Tax Exempt Employee Share Plan ('Tax Exempt ESP') to assist the Group in rewarding employees by providing them with the opportunity to own shares in the Company. The Tax Exempt ESP enables the Group to issue shares to qualifying employees on a non-discriminatory basis so as to permit the application of section 83A-35 of the Income Tax Assessment Act 1997.

The Group also has a long term incentive plan ('LTIP'), Class Limited Employee Share Option Plan ('ESOP') to assist the Group in retaining and attracting current and future employees by providing them with the opportunity to allow them to acquire options or rights as part of the remuneration for their services. The ESOP is by invitation of the Board (or a committee of the Board).

During the financial year 6,281,708 (2015: Nil) options were granted. The share-based payment expense for the year was $465,000 (2015: $153,000).

Loan Funded Share Plan ('LFSP') (comparative period)
The LFSP was a long term incentive for employees of the Group set up prior to the IPO. Under the plan, employees were granted an allocation of loan-funded shares which were held on their behalf by an employee share trust. The shares were issued at market value which was determined by the Board. 4,575,916 options granted under LFSP were fully exercised during the year.

Set out below summary of the options granted under the plan:

2016

Grant date	Expiry date	Exercise price*	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
03/12/2013	02/06/2017	$0.61	2,400,000	-	(2,400,000)	-	-
28/04/2014	26/10/2017	$0.59	400,000	-	(400,000)	-	-
30/06/2014	28/12/2017	$0.75	400,000	-	(400,000)	-	-
17/08/2015	16/06/2017	$0.69	-	1,375,916	(1,375,916)	-	-
30/09/2015	30/09/2019	$1.10	-	2,624,084	-	-	2,624,084
30/09/2015	30/09/2020	$1.33	-	1,113,506	-	(55,000)	1,058,506
29/06/2016	30/06/2021	$3.81	-	1,168,202	-	-	1,168,202
			3,200,000	6,281,708	(4,575,916)	(55,000)	4,850,792
Weighted average exercise price			$0.62	$1.54	$0.64	$1.33	$1.78

* Exercise price and balance at the start of the year has been adjusted for share-split.

2015

Grant date	Expiry date	Exercise price*	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other**	Balance at the end of the year
03/12/2013	02/06/2017	$0.61	660,000	-	-	1,740,000	2,400,000
28/04/2014	26/10/2017	$0.59	100,000	-	-	300,000	400,000
30/06/2014	28/12/2017	$0.75	100,000	-	-	300,000	400,000
			860,000	-	-	2,340,000	3,200,000
Weighted average exercise price			$0.62	$0.00	$0.00	$0.62	$0.62

* Exercise price has been adjusted for share-split.
** Other represents effect of share-split as detailed in note 16, adjusted for 60,000 options forfeited prior to share-split

The weighted average share price during the financial year was $2.29.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 4 years (2015: 2 years).

Class Limited
Notes to the financial statements
30 June 2016

Note 30. Share-based payments (continued)

None of the options outstanding as at 30 June 2016 were exercisable (30 June 2015: Nil).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
17/08/2015	16/06/2017	$0.69	$0.69	41.00%	3.00%	2.04%	$0.053
30/09/2015	30/09/2019	$1.00	$1.10	33.64%	3.00%	1.99%	$0.197
30/09/2015	30/09/2020	$1.00	$1.33	33.64%	3.00%	2.19%	$0.168
29/06/2016	30/06/2021	$3.29	$3.81	33.64%	3.00%	1.67%	$0.661

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 31. Events after the reporting period

Apart from the dividend declared as disclosed in note 18, no other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Class Limited
Notes to the financial statements
30 June 2016

Note 32. Other accounting policies

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Class Limited ('Company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Class Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Class Limited
Notes to the financial statements
30 June 2016

Note 32. Other accounting policies (continued)

Impairment of non-financial assets
Other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2016. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. New hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is not expected to be material.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group expects to adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

Class Limited
Notes to the financial statements
30 June 2016

Note 32. Other accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. For lessee accounting, the standard eliminates the 'operating lease' and 'finance lease' classification required by AASB 117 'Leases'. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) components. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

Class Limited
Directors' declaration
30 June 2016

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Barry Lambert
Chairman

Kevin Bungard
Chief Executive Officer and Managing Director

16 August 2016
Sydney

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Independent Auditor's Report
To the Members of Class Limited

We have audited the accompanying financial report of Class Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the 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. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

Grant Thornton

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

Auditor's opinion
In our opinion the financial report of Class Limited:

a 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 2016 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 complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report
We have audited the remuneration report included in pages 16 to 22 of the directors' report for the year ended 30 June 2016. 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.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of Class Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M. Leivesley

Matthew Leivesley
Partner - Audit & Assurance

Sydney, 16 August 2016

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Shareholder information

Class Limited
Shareholder information
30 June 2016

The shareholder information set out below was applicable as at 1 August 2016.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	1,068	-
1,001 to 5,000	1,841	-
5,001 to 10,000	619	11
10,001 to 100,000	445	13
100,001 and over	69	6
	4,042	30
Holding less than a marketable parcel	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
TRONCELL PTY LTD	17,255,700	14.77
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,756,813	6.64
RBC INVESTOR SERVICES AUSTRALIA PTY LIMITED	6,717,223	5.75
COUNTPLUS LIMITED	5,882,540	5.04
MR JOSEPH CHARLES CAMUGLIA & MRS KIRSTEN INGRET CAMUGLIA	4,410,000	3.78
ARMELEK PTY LTD	3,600,000	3.08
J P MORGAN NOMINEES AUSTRALIA LIMITED	3,553,555	3.04
ACN 154 462 334 PTY LIMITED	3,418,478	2.93
CANEMOON INVESTMENTS PTY LTD	3,000,000	2.57
MR KEITH FINKELDE & MRS ANNE FINKELDE & MR WAYNE FINKELDE	2,518,545	2.16
RICHARD GEORGE BARBER & ALICE ISABELLA KATHARINA KIRMEYER	2,507,592	2.15
RODERICK KIBBLE & MICHELLE KIBBLE	2,001,652	1.71
PETER DORIAN KIBBLE & LORRAINE LESTER	2,001,652	1.71
PROFITOUS PTY LTD	1,830,281	1.57
BNP PARIBAS NOMS PTY LTD	1,754,648	1.50
SMARTSUPER OPTIONS PTY LTD	1,620,028	1.39
MR KEVIN BUNGARD	1,560,912	1.34
MASSEY RECRUITMENT PTY LTD	1,553,564	1.33
MR SCOTT EDWARD LAWSON & MRS PATRICIA LAWSON	1,286,650	1.10
MR RAJARSHI MANU RAY	1,201,892	1.03
	75,431,725	64.59

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares	4,850,792	30

Class Limited
Shareholder information
30 June 2016

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares Number held	Ordinary shares % of total shares issued
TRONCELL PTY LTD	17,255,700	14.77
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,756,813	6.64
RBC INVESTOR SERVICES AUSTRALIA PTY LIMITED	6,717,223	5.75
COUNTPLUS LIMITED	5,882,540	5.04

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Ordinary shares	14 December 2018 or the day after the date on which a participant ceases to be an Employee.	36,000

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Corporate directory

Corporate directory 30 June 2016

Directors
Barry Lambert
Roderick Kibble
Rajarshi Ray
Kevin Bungard
Matthew Quinn
Anthony Fenning
Kathryn Foster

Company Secretary
Glenn Day

Notice of Annual General Meeting
The details of the Annual General Meeting of Class Limited are:
Level 17
383 Kent Street
Sydney NSW 2000
Monday 17 October 2016 at 10:00am

Registered office
Level 3
228 Pitt Street
Sydney NSW 2000
Ph: 1300 851 057

Principal place of business
Level 3
228 Pitt Street
Sydney NSW 2000
Ph: 1300 851 057

Share register
Link Market Services
Level 12
680 George Street
Sydney NSW 2000
Ph: 02 8280 7100

Auditor
Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Ph: 02 8297 2400

Solicitors
Addisons
Level 12
60 Carrington Street
Sydney NSW 2000
Ph: 02 8915 1000

Stock exchange listing
Class Limited shares are listed on the Australian Securities Exchange (ASX code: CL1)

Website
www.class.com.au

Corporate Governance Statement
The Corporate Governance Statement which was approved at the same time as the Annual Report can be found at https://investors.class.com.au/Investors/