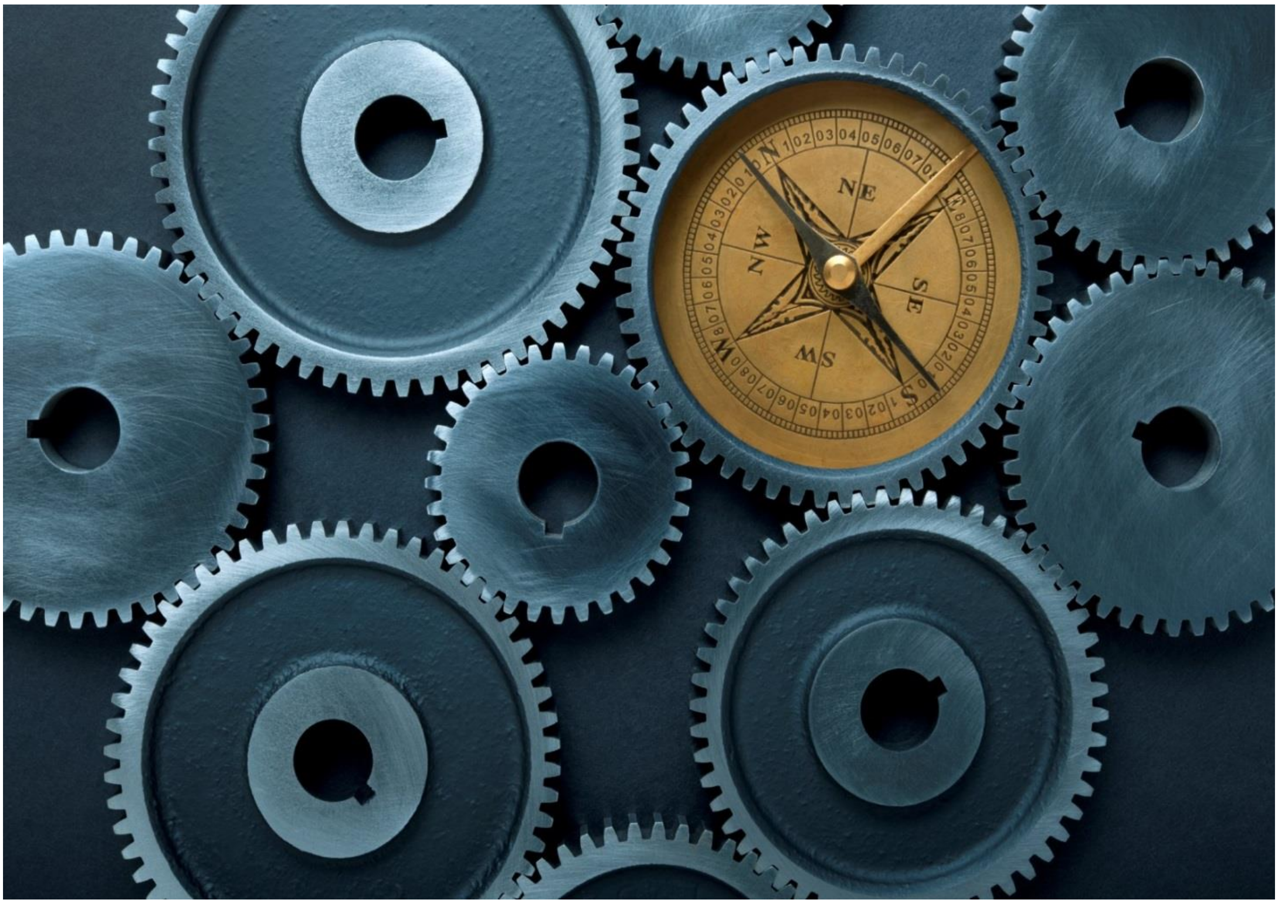
Wakenby Limited

Annual Report

2016



ACN 120 394 194
(ASX: WAK)
For the year ended 30 June 2016

Contents

Corporate Information

ABN 20 120 394 194

Directors
Benjamin Harkham (Chairman)
Allan Farrar
Kenneth Carr
Aron Harkham
Gideon Harkham (Alternate for Benjamin Harkham)

Company Secretary
Elizabeth Hunt

Registered Office
Suite 201, Level 2, 60 York Street
Sydney, NSW 2000

Share Register
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, WA 6153
Tel: (08) 9315 2333

Wakenby Limited shares are listed on the Australian Stock Exchange ("ASX").

Bankers
Commonwealth Bank of Australia
Level 10
Tower One, Darling Park
201 Sussex Street
Sydney NSW 2000

Auditor
Stantons International Audit and Consulting Pty Ltd
Level 2,1 Walker Avenue
West Perth WA 6005

Share Registry
Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross, WA 6153

Directors' Report 2016

Your Directors submit their report for the year ended 30 June 2016.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, Qualifications, Experience and Special Responsibilities

The directors of Wakenby Limited (formerly ILH Group Limited) (the Company) submit the financial report for the year ended 30 June 2016.

Directors
The names of the Company's directors in office during the year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Benjamin Harkham	**(Non-executive Chairman)**	**Appointed 8/04/2016**
Allan Farrar	**(Non-Executive Director)**	**Appointed 8/04/2016**
Kenneth Carr	**(Non-Executive Director)**	**Appointed 17/06/2016**
Aron Harkham	**(Executive Director)**	**Appointed 24/06/2016**
Gideon Harkham	**(Alternate for Benjamin Harkham)**	**Appointed 8/04/2016**
David French	**(Managing Director)**	**Resigned 8/04/2016**
Matthew Driscoll	**(Non-executive Chairman)**	**Resigned 04/09/2015**
Owen Evans	**(Non-executive Director)**	**Resigned 08/04/2016**

Information on Directors

Mr Benjamin Harkham, Non-Executive Chairman

Experience and Expertise

Benjamin has extensive real estate experience including property acquisition, management and construction. He has been involved in property investment and transactions for over 40 years. Specifically, Benjamin has developed properties over a number of decades including, residential apartment blocks, retail shops, hospitality sites, residential houses. He has been an active investor in other developments in the commercial sector. Additionally, he has been involved in property transactions involving hotels and leisure facilities.

Benjamin's involvement in property construction includes:

- Development Application process from planning to approval including working with Council;
- Contracting manager for the development, earthworks and building process;
- Supervision of the construction process;
- Liasing and dealing with banks for financing of projects;
- Property management post development; and
- Property maintenance.

Benjamin holds a Bachelor of Laws from the University of Sydney.

Director's Report (continued)

Other Current Directorships

None

Former Directorships in the Last Three Years

During the past three years, Benjamin served as a Director of the following listed companies:

- None

Special Responsibilities

None – Executive Chairperson since 8th April 2016.

Mr Allan Farrar, Non-Executive Director

Experience and Expertise

Allan has lengthy experience with public company creation and management in addition to management of ASX-listed property development companies. His experience includes:

- Chairman of Rosecorp (Rose Property Group), one of Sydney's larger private property developers from 2003 until 2014. Rose Property Group developed Breakfast Point and Catherine Hill Bay and was involved in the development of a Retirement Village at Turramurra.
- Founder and Chairman of Balmoral Corporation which was a property development finance company.
- Numerous other private property development transactions in Queensland and New South Wales. In addition to a retirement village on the Central Coast.
- More recently he has advised several parties who are involved in the development and management of retirement villages in Queensland and New South Wales.

Allan has strong experience in his various roles related to the management of these retirement villages from a Board prospective.

Other Current Directorships

Allan Farrar has been running accounting and corporate finance entities consistently during the past thirty years including most recently PKF Corporate Finance (AFSL 295872).

Former Directorships in the Last Three Years

During the past three years, Allan served as a Director of the following listed companies:

- None

Special Responsibilities

None

Director's Report (continued)

Dr Kenneth Carr, Independent Non-Executive Director

Experience and Expertise

Kenneth has nearly 25 years of corporate and consulting experience of which nearly 13 years being involved in executive roles with ASX listed companies. His duties covered a range of disciplines including executive management, commercial management, corporate funding, business development, mergers and acquisitions, governance, and strategic development roles.

Kenneth holds a Doctorate of Business Administration and a Masters of Business Administration.

Other Current Directorships

Kenneth is currently Non-Executive Director of Freshtel Holdings Limited.

Former Directorships in the Last Three Years

Kenneth is an experienced and highly effective executive, having been CEO or MD of five ASX listed companies including:

- CEO of Intecq Limited (ASX:ITQ)
- Managing Director of Rubik Financial Limited (ASX:RFL)
- CEO of Konekt Limited (ASX:KKT)
- CEO of Keycorp Limited (ASX:KYC)
- CEO of Longreach Group Limited (ASX:LRG)

Kenneth has a strong track record of success particularly in times of change and through a focus on leveraging opportunities has enabled company growth. Dr Carrs' valuable experience will support the Company's operations and growth strategy.

Special Responsibilities

None

Mr Aron Harkham, Executive Director and Chief Operating Officer

Experience and Expertise

Aron has been responsible for developing the Company's business strategy and operational activities.

Prior to joining the Company, Aron has been involved in a number of property investment, holding and development companies, where he was responsible for the day to day financing needs, investment decisions and strategic planning of property investments.

In addition to his property experience, Aron has a number of years' experience in the financial services industry by providing consulting, legal and tax advice to institutional clients including real estate and property funds and developers.

Aron holds a Bachelor of Commerce with majors in Accounting and Business Information Systems from the University of Sydney.

Director’s Report (continued)

Aron holds a Master of Business from the University of Newcastle.

Aron holds a Bachelor of Laws from the University of New South Wales and currently holds a NSW Solicitors Practicing Certificate.

Other Current Directorships

None

Former Directorships in the Last Three Years

During the past three years, Aron served as a Director of the following listed companies:

- None

Special Responsibilities

None

Mr Gideon Harkham, Alternate Director

Experience and Expertise

Gideon is an experience real estate investor and developer, having experience across multiple real estate classes over the last decade including:

- Residential;
- Commercial Office;
- Commercial Leisure; and
- Student Accommodation.

Further, Gideon oversees the day to day management of a property portfolio. Current duties include:

- Corporate Financing;
- Building Maintenance;
- Corporate strategy; and
- Overseeing commercial transactions.

Gideon holds a Bachelor of Laws from the University of Sydney.

Gideon holds a Bachelor of Science with a major in Information Systems from the University of Sydney.

Other Current Directorships

None

Former Directorships in the Last Three Years

During the past three years, Gideon served as a Director of the following listed companies:

- None

Director's Report (continued)

Special Responsibilities

None

David French, (Managing Director) (Resigned 8 April 2016)

Experience and Expertise

David was rated as high as number 3 in Australia as an investment analyst, holds a Bachelor of Economics, a Diploma in Corporate Management and is PS146 compliant. David has also completed a range of other courses relating to valuation of companies and investments.

Other Current Directorships

None

Former Directorships in the Last Three Years

During the past three years, Mr French served as a Director of the following listed companies:

- None

Special Responsibilities

None

Owen Evans, (Non-Director) (Resigned 8 April 2016)

Experience and Expertise

Mr Evans is an experienced investment professional with almost 30 years' experience in research, valuation and funds management. He has been rated number one analyst for building materials, construction and emerging companies while at UBS Australia and judged Money Management Fund Manager of the Year in 2005 and 2006 as Chief Investment officer at MIR Australia.

Other Current Directorships

None

Former Directorships in the Last Three Years

During the past four years, Mr Evans served as a Director of the following listed companies:

Special Responsibilities

None

Director's Report (continued)

Beneficial Interests in the Shares of the Company and Related Bodies Corporate

As at the date of this report, the beneficial interests of the Directors in the shares of Wakenby Limited were:

	Number of Ordinary Shares	Options
Benjmain Harkham - Indirect BGA Capital Pty Ltd	450,000,000	50,000
Allan Farrar - Indirect BGA Capital Pty Ltd	450,000,000	50,000
Kenneth Carr - Indirect BGA Capital Pty Ltd	Nil	Nil
Aron Harkham - Indirect BGA Capital Pty Ltd	450,000,000	50,000
Gideon Harkham - Indirect BGA Capital Pty Ltd	450,000,000	50,000

COMPANY SECRETARY

Ms Elizabeth Hunt

Elizabeth has drawn from over fifteen years' corporate advisory and accounting experience to develop Mining Corporate, which provides services to a broad range of clients and industries. Elizabeth's knowledge includes IPO & backdoor listing management, governance & risk, company secretarial matters, ASX listing requirements, ASIC and other statutory reporting requirements, and financial accounting and reporting.

In her role at Mining Corporate, Elizabeth is a director and/or company secretary of a number of ASX listed and private entities.

As well as being a Certificated member of the Governance Institute, Elizabeth holds a BSc degree in Sustainable Development (Murdoch University) and has completed a Master of Accounting (Curtin University), the Governance Institute of Australia Certificate in Governance and Risk Management, and is a Graduate of the Australian Institute of Company Directors.

PRINCIPAL ACTIVITIES

The principal activity of the entity is intended to be the acquisition of financial interests in retirement and aged care assets subject to shareholder approval at the next General Meeting of shareholders.

OPERATING AND FINANCIAL REVIEW

Company Overview

A detailed review of the operations of the Company during the financial year, its financial position and business strategies and prospects for future financial years is set out below.

Operating and financial review

Director's Report (continued)

Company revenues of $Nil were down 100% compared with previous corresponding annual period of $12,852,019.

The Company incurred a profit of $11,155,458 for the 30 June 2016 year arising largely from the profit from discontinued operations (including the extinguishment of debt) of $11,899,626 under a Deed of Company Arrangement, 30 June 2015: loss ($28,896,325).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company entered into a Deed of Company Arrangement during the year under which all debts owing were extinguished.

Incomplete records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors of the Company since it entered into voluntary administration on 17 December 2014 and until 8 April 2016 when the current board was appointed.

To prepare the financial report, the Directors have reconstructed the financial records of the Group using data extracted from the Company's accounting systems and the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period from their appointment and accounting records maintained by the current Directors since their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Company for the period prior to the appointment of the Administrators.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Company's financial position.

Director's Report (continued)

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There were no significant events subsequent to the balance sheet date.

Declaration of Final Dividend

The Directors have not declared a dividend with respect to the financial year ended 30 June 2016 (2015: Nil).

ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant Commonwealth or State environmental regulations or laws.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Each of the Directors and Secretary of the Company has entered into a deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and Secretary and to effect and maintain insurance in respect of the Directors and Officers liability and provide certain indemnities to each of the Directors, to the extent permitted by section 199B of the *Corporations Act 2001*.

The Company has put in place Prospectus Insurance and Directors and Officers Liability Insurance. The contract prohibits the disclosure of the nature of the liability and/or the amount of the premium.

DIRECTORS' MEETINGS

Due to the Company being placed into voluntary administration on 17 December 2014, information as to the attendance at Directors' meetings is only available from the date of appointment of the current Directors.

DIRECTOR	Number of Meetings	Number Attended
Benjamin Harkham	4	4
Allan Farrar	4	4
Kenneth Carr	2	2
Aron Harkham	4	4
Gideon Harkham	4	4

Director's Report (continued)

REMUNERATION REPORT (Audited)

This remuneration report for the year ended 30 June 2016 outlines the remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") of the Company who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

For the purposes of this report, the term "executive" encompasses the Chief Executive and senior executives of the Company.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Remuneration at a glance
3. Board oversight of remuneration
4. Non-Executive Director remuneration arrangements
5. Executive remuneration arrangements
6. Company performance and the link to remuneration
7. Executive contractual arrangements
8. Equity instruments disclosures

1. Individual Key Management Personnel Disclosures

Details of KMP of the Company are set out below:

Directors	
Benjamin Harkham[1]	Non-Executive Chairman
Allan Farrar[2]	Non-Executive Director
Aron Harkham[3]	Executive Director
Kenneth Carr[4]	Non-Executive Director
Gideon Harkham[5]	Alternate Director for Benjamin Harkham
David French[6]	Head of Wealth Management/Managing Director
Matthew Driscoll[7]	Non-Executive Chairman
Owen Evans[8]	Non-Executive Director

1 Benjamin Harkham was appointed as Non-Executive Chairman 8 April 2016
2 Allan Farrar was appointed as Non-Executive Director 8 April 2016
3 Aron Harkham was appointed as Executive Director 24 June 2016
4 Kenneth Carr was appointed as Non-Executive Director 17 June 2016
5 Gideon Harkham was appointed as Alternate Directors 8 April 2016
6 David French resigned as a Director 8 April 2016
7 Matthew Driscoll resigned as Director on 4 September 2015
8 Owen Evans resigned as a Director on 8 April 2016

Director's Report (continued)

There were no other changes to KMP after the reporting date and before the date the annual report was authorised for issue.

2. Remuneration at a Glance

Wakenby Limited's remuneration strategy is designed to attract, motivate and retain employees and Non-Executive Directors ("NEDs") by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

The remuneration policy is to position total employment cost close to the median of its defined talent market to ensure a competitive offering.

The remuneration of NEDs of the Company consists only of Directors' fees and committee fees. Director and committee fees are reviewed annually against inflation and fees paid to NEDs of comparable companies.

The Company was in administration from 17 December 2014 until 8 April 2016, and currently there is no information available to outline on what basis remuneration was paid to Directors and Key Management Personnel prior to 8 April 2016.

3. Board Oversight of Remuneration

Remuneration Assessment and Approval Process

The Nomination and Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the Board and executives.

The Committee will assess the appropriateness of the nature and amount of remuneration of NEDs and executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing Director and executive team.

Remuneration Strategy

The Company's remuneration strategy is designed to attract, motivate and retain employees and NEDs by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Company.

To this end, key objectives of the Company's reward framework are to ensure that remuneration practices:

- Are aligned to the Company's business strategy;
- Offer competitive remuneration benchmarked against the external market;
- Provide a strong linkage between individual and group performance and rewards;
- Align the interests of executives with shareholders through measurement of shareholder return;
- Have a portion of executive remuneration "at risk"; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Director's Report (continued)

Remuneration Structure

In accordance with best practice corporate governance, the structure of NED and executive remuneration is separate and distinct.

4. Non-Executive Director Remuneration Arrangements

Remuneration Policy

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

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against inflation and fees paid to NEDs of comparable companies. The Committee may also consider advice from external consultants when undertaking the annual review process.

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of NEDs shall be determined from time to time by a general meeting. The current aggregate remuneration level for Non-Executive Directors, as approved by shareholders, is $250,000 (2015: $250,000) per annum.

The Board will not seek any increase for the NEDs pool at the Annual General Meeting.

Structure

The remuneration of NEDs consists of Directors' fees and committee fees. NEDs do not receive retirement benefits, nor do they participate in any incentive programs.

5. Executive Remuneration Arrangements

Remuneration Levels and Mix

The Company aims to reward executives with remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Company, subsidiary and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

Director's Report (continued)

Structure

In the 2016 financial year the executive remuneration framework consisted of the following component:

- Fixed remuneration

The table below illustrates the structure of Wakenby Limited's executive remuneration arrangements:

Remuneration Component	Vehicle	Purpose	Link to Performance
Fixed remuneration	• Comprises base salary, superannuation contributions and other benefits	• Set with reference to role, market and experience. • Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as parking. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.	• Remuneration level is determined annually and is based on a financial scale linked to individual performance in the previous financial year.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of Company, subsidiary and individual performance, relevant comparative remuneration externally and internally and, where appropriate, external advice on policies and practices. The Board has access to external advice independent of management, where appropriate.

Executive Share Trading Policy

The Company has in place a share trading policy which imposes trading restrictions on officers and employees of the Company and its related entities that are considered to be in possession of inside information.

Furthermore, executives and Directors are required to declare their intention to trade in shares to the Company Secretary, which is then presented to the Board.

Directors' Report (continued)

6. Company Performance and the Link to Remuneration

Company performance is reflected in the movement of the Company's EPS over time.

7. Executive Contractual Arrangements

Managing Director and Chief Executive

Due to the Company being placed into voluntary administration on 17 December 2014, information on the executive contractual arrangements is not available.

Chief Operating Officer

Aron Harkham was appointed as the Company's Chief Operating Officer on 24 June 2016 to take effect from 1 July 2016. His remuneration has been set at $120,000 per annum exclusive of superannuation. The contract can be terminated by either party by giving one months' notice.

Company Secretary

Ms Elizabeth Hunt was appointed as Company Secretary on 24 March 2016 and is engaged at a monthly rate of $2,000 + GST.

8. Equity Instruments Disclosures

Unissued Shares

The Company has issued 100,000,000 Performance Option Rights exercisable on 8 April 2016 to BGA Capital Pty Ltd. The Performance Option Rights are exercisable at any time prior to 5.00 p.m. 31 December 2017 (expiry date), provided BGA Capital Pty Ltd or its related parties successfully introduce a project to the company that leads to the company signing a Heads of Agreement adopting such a project with a project value of at least $10 million.

If performance rights options are issued to the proposed director's company BGA Capital Pty Ltd and the options are exercised into shares, a total of 100 million shares would be issued.

Directors' Report (continued)

9. Shareholdings of Key Management Personnel

Ordinary shares held in Wakenby Limited:

	Balance 1 July 2015	Dividend Reinvestment Plan	On Market Purchases	Deferred Employee Share Plan	Net Change (Other)	Balance 30 June 2016
Directors						
Benjamin Harkham	-	-	-	-	*450,000,000	450,000,000
Allan Farrar	-	-	-	-	*450,000,000	450,000,000
Kenneth Carr	-	-	-	-	-	-
Aron Harkham	-	-	-	-	*450,000,000	450,000,000
Gideon Harkham	-	-	-	-	*450,000,000	450,000,000
Owen Evans[2]	986,923	-	-	-	(986,923)	-
Matthew Driscoll	-	-	-	-	-	-
David French[1]	6,593,926				(6,593,926)	-
Total	**7,580,849**	**-**	**-**	**-**	**442,419,151**	**450,000,000**

* 450,000,000 ordinary shares are held by BGA Capaital Pty.Ltd. Benjamin Harkham, Allan Farrar, Aron Harkham and Gideon Harkham all hold an indirect shareholding in BGA Capital Pty Ltd.
1 David French resigned as a Director 8 April 2016
2 Owen Evans resigned as a Director 8 April 2016

10. Transactions with Key Management Personnel

Due to the Company being placed into voluntary administration on 17 December 2014, information on the transactions with Key Management Personnel are not available between 17 December 2014 and 8 April 2016. There are no related party transactions from 8 April 2016 to 30 June 2016.

11. Related party disclosures

During the year the Company received the following unsecured related party loans:

- Benima Pty Ltd $113,000
- Anex Industrial Corporation Pty Ltd $12,000

which are repayable in June 2018 and currently bear no interest rate.

Directors’ Report continued

Remuneration of Key Management Personnel of the Company and the Group

Due to the Company being placed into voluntary administration on 17 December 2014, information on the transactions with Key Management Personnel are not available.

Table 1: Remuneration for the Year Ended 30 June 2016

	Short-term			Post Employment	Long-term		Share-based Payment		
	Salary & Fees $	Cash Bonus $	Non-monetary Benefits $	Superannuation $	Long Service benefits $	Other Benefits $	Shares $	Total $	Performance related %
Non-Executive Directors									
Benjamin Harkham[3]	-	-	-	-	-	-	-	-	-
Allan Farrar[3]	-	-	-	-	-	-	-	-	
Kenneth Carr[3]	-	-	-	-	-	-	-	-	
Gideon Harkham[3]	-	-	-	-	-	-	-	-	-
Sub-Total Non-Executive Directors	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Executive Directors		-							
Aron Harkham[3]	-	-	-	-	-	-	-	-	-
Sub-Total Executive Directors	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Other Key Management Personnel									
David French[1]	-	-	-	-	-	-	-	-	-
Owen Evans[2]	-	-	-	-	-	-	-	-	-
Sub-Total Other KMP	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	

[1] David French resigned on 8 April 2016.
[2]Owen Evans resigned on 8 April 2016
[3]There were no remuneration options or shares issued to Directors or Key Management Personnel since 8 April 2016

END REMUNERATION REPORT (Audited)

Directors' Report continued

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the auditor's independence declaration received by the Directors in relation to the audit for the year is provided with this report on page 19 of this report.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Stantons International Audit and Consulting Pty Limited, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Stantons International Audit and Consulting Pty Limited during or since the financial year.

NON-AUDIT SERVICES

No non-audit services were provided by the entity's auditor, Stantons International Audit and Consulting Pty Limited. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the current Directors.

Benjamin Harkham	Allan Farrar
Director	Director

Sydney, 29 September 2016

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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29 September 2016

Board of Directors
Wakenby Limited (formerly ILH Group Limited)
Suite 201, Level 2,
60 York Street
Sydney, NSW 2000

Dear Sirs

RE: WAKENBY LIMITED (FORMERLY ILH GROUP LIMITED)

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Wakenby Limited (formerly ILH Group Limited).

As Audit Director for the audit of the financial statements of Wakenby Limited (formerly ILH Group Limited) for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik

Martin Michalik
Director

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	**469**	**1,003,462**
Trade and other receivables	11	**12,600**	**-**
Total Current Assets		**13,069**	**1,003,462**
Non-Current Assets			
Total Non-Current Assets		**-**	**-**
TOTAL ASSETS		**13,069**	**1,003,462**
LIABILITIES			
Current Liabilities			
Trade and other payables	16	**69,293**	**820,672**
Interest-bearing loans and borrowings	17	**-**	**11,938,334**
Total Current Liabilities		**69,293**	**12,759,006**
Non-Current Liabilities			
Interest-bearing loans and borrowings	17	**125,000**	**-**
Total Non-Current Liabilities		**125,000**	**-**
TOTAL LIABILITIES		**194,293**	**12,759,006**
NET DEFICIENCY		**(181,224)**	**(11,755,544)**
EQUITY			
Contributed equity	18	**41,834,718**	**41,415,857**
Accumulated losses	19	**(42,015,942)**	**(53,171,401)**
TOTAL EQUITY		**(181,224)**	**(11,755,544)**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Profit or loss and other Comprehensive Income

For the year ended 30 June 2016

	Note	CONSOLIDATED 2016 $	2015 $
Revenue from continuing operations			
Professional fees		-	**12,852,019**
Total revenue		-	**12,852,019**
Movement in fair value of financial liabilities		-	**78,763**
Interest revenue		**7,654**	**30,414**
Other income	7(a)	-	**618**
Total revenue from continuing operations		**7,654**	**109,795**
Occupancy expenses		-	**(1,147,163)**
Salaries and employee benefits expenses		-	**(9,207,202)**
Depreciation and amortisation expenses	7(b)	-	**(248,160)**
Advertising and marketing expenses		-	**(148,020)**
Administrative expenses	7(c)	**(751,822)**	**(1,682,587)**
Other expenses	7(d)	-	**(4,825,503)**
Net loss on disposal of subsidiaries		-	**(1,845,553)**
Finance costs	7(e)	-	**(712,691)**
Share based payments expense		-	-
Total expenses		**(751,822)**	**(19,816,879)**
(Loss) before tax from continuing operations		**(744,168)**	**(6,855,065)**
Income tax benefit / (expense)		-	**(15,743)**
(Loss) for the year from continuing operations		**(744,168)**	**(6,870,808)**
Impairment expense – Work in progress		-	**(2,149,489)**
Impairment expense – Dividends Receivable		-	**(112,513)**
Impairment expense – Investment in Associate		-	**(2,811,044)**
Impairment expense – Deferred Tax Assets		-	**(1,564,453)**
Impairment expense – Goodwill		-	**(14,553,221)**
Impairment expense – Plant and Equipment		-	**(609,797)**
Impairment expense – Intangibles		-	**(225,000)**
Net (loss) for the year after impairments		**(744,168)**	**(28,896,325)**
Profit from discontinued operations after tax	26	**11,899,626**	
Total comprehensive income/(loss) for the year		**11,155,458**	**(28,896,325)**
(Loss)/Profit per share from continuing operations attributable to equity holders of the parent entity			
Basic (Loss)/Profit per share (cents per share)			
- Continuing operations	9	**(0.16)**	**(0.15)**
- Discontinuing operations	9	**2.49**	-
Diluted (Loss)/Profit per share (cents per share)			
- Continuing operations	9	**(0.16)**	**(0.15)**
- Discontinued operations	9	**2.49**	-

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the year ended 30 June 2016

	Note	CONSOLIDATED 2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		**378,842**	**17,354,050**
Interest received		**7,654**	**30,414**
Dividends received		**-**	**-**
Other revenue		**-**	**618**
Payments to suppliers and employees		**(1,513,631)**	**(14,718,173)**
Interest and other costs of finance paid		**(312,333)**	**(237,181)**
Income tax paid		**-**	**(78,640)**
Net cash (used in)/provided by operating activities	20	**(1,439,468)**	**2,351,088**
Cash flows from investing activities			
Purchase of plant and equipment		**-**	**(97,207)**
Payment for intangible assets		**-**	**(41,085)**
Proceeds from the disposal of subsidiaries		**-**	**4,436,086**
Proceeds from the disposal of plant and equipment		**-**	**-**
Proceeds from available-for-sale investments		**-**	**52,000**
Payment for the acquisition of businesses		**-**	**(1,993,536)**
Net cash flows provided by investing activities		**-**	**2,356,258**
Cash flows from financing activities			
Proceeds from borrowings		**435,164**	**523,933**
Repayment of borrowings		**(417,550)**	**(3,675,615)**
Dividends paid		**-**	**-**
Proceeds from issue of shares		**451,000**	**-**
Payments for share issue expenses		**(32,139)**	**(1,614)**
Net cash flows provided by/(used in) financing activities		**436,475**	**(3,153,296)**
Net (decrease)/increase in cash held		**(1,002,993)**	**1,554,050**
Cash and cash equivalents at the beginning of the financial Year		**1,003,462**	**(550,588)**
Cash and cash equivalents at the end of the financial year	10	**469**	**1,003,462**

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

Consolidated Statement of Changes in Equity
As at 30 June 2016

CONSOLIDATED	Contributed Equity $	Accumulated Losses $	Net Unrealised Losses Reserve $	General Reserve $	Total Equity $
Balance as at 1 July 2014	**38,862,375**	**(26,323,477)**	**1,610**	**2,046,791**	**14,587,299**
Loss for the year	-	(28,896,325)	-	-	(28,896,325)
Other comprehensive gains	-	-	-	-	-
Total comprehensive loss for the year	**-**	**(28,896,325)**	**-**	**-**	**(28,896,325)**
Transactions with owners in their capacity as owners					
Dividends paid	-	2,048,401	(1,610)	(2,046,791)	-
Share based payments	-	-	-	-	-
Issue of shares	2,553,482	-	-	-	2,553,482
Transaction costs on issue of shares	-	-	-	-	-
Income tax on items taken directly to or transferred from equity	-	-	-	-	-
Balance as at 30 June 2015	**41,415,857**	**(53,171,401)**	**-**	**-**	**(11,755,544)**

CONSOLIDATED	Contributed Equity $	Accumulated Losses $	Net Unrealised Losses Reserve $	General Reserve $	Total Equity $
Balance as at 1 July 2015	**41,415,857**	**(53,171,401)**	**-**	**-**	**(11,755,544)**
Loss for the year	-	11,155,459	-	-	11,155,459
Other comprehensive gains	-	-	-	-	-
Total comprehensive loss for the year	**-**	**11,155,459**	**-**	**-**	**11,155,459**
Transactions with owners in their capacity as owners					
Share based payments	-	-	-	-	-
Issue of shares	451,000	-	-	-	451,000
Transaction costs on issue of shares	(32,139)	-	-	-	(32,139)
Income tax on items taken directly to or transferred from equity	-	-	-	-	-
Balance as at 30 June 2016	**41,834,718**	**(42,015,942)**	**-**	**-**	**(181,224)**

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

1. Corporate Information

The consolidated financial report of Wakenby Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of Directors on 29 September 2016.

Wakenby Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the ASX. The company is domiciled in Australia and is a for-profit entity for the purposes of preparing the financial statements.

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. Summary of Significant Accounting Policies

BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars.

Incomplete records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors of the Company from the date it entered into voluntary administration on 17 December 2014 until 8 April 2016.

To prepare the financial report, the Directors have reconstructed the financial records of the Company using data extracted from the Company's accounting systems and the record of receipts and payments made available by the Administrator of the Company and its subsidiaries for the period from their appointment. However, it has not been possible for the Directors to obtain all the books and records of the Company or the previous Group.

Consequently, although the Directors have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Company's financial position.

a) Going Concern

The Company was suspended from trading on ASX on 12 December 2014 at its request. On 17 December 2014, Michael Brereton, and Cliff Rocke of Korda Mentha were appointed as Voluntary Administrators of the Company and assumed control of the Company and its business, property and affairs.

In 8 April 2016 additional capital of $451,000 was subscribed to the company which effectively extinguished all past liabilities of the Company. Since that time the Company's major shareholder and its related entities have provided unsecured loans to the Company to enable it to meet its operating expenses. The continuing viability of the entity and its ability to operate as a going concern is dependent upon the entity being successful in acquiring retirement village assets and accessing additional sources of capital.

As a result, there is significant uncertainty whether the entity will continue as a going concern. However, the Directors believe that the entity will be successful in the abovementioned matters and accordingly have prepared the financial statements on a going concern basis.

b) Compliance with IFRS

The financial report does not comply with Australian Accounting Standards and IFRS as issued by the International Accounting Standards Board.

c) New Accounting Standards and Interpretations

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are yet to be mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

d) Basis of Consolidation

The prior year consolidated financial statements incorporate all of the assets, liabilities and results of the parent Wakenby Limited (formerly ILH Group Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or had rights to, variable returns from its involvement with the entity and had the ability to affect those returns through its power over the entity. At June 30, 2016 the Company had no remaining subsidiaries to consolidate into its financial statements.

The assets, liabilities and results of all subsidiaries were fully consolidated into the financial statements of the Group from the date on which control was obtained by the Group. The consolidation of a subsidiary was discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities were fully eliminated on consolidation. Accounting policies of subsidiaries were changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group were presented as “non controlling interests". The Group initially recognised non-controlling interests that are present ownership interests in subsidiaries and were entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests were attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests were shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

e) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred, and included as administrative expenses.

When the Group makes an acquisition, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group’s operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

f) Investment in an Associate

The Group previously, and now the Company, measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

g) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services; and, if applicable
- Nature of the regulatory environment.

At 30 June 2016 the Company is exploring opportunities across all industries within Australia.
Accordingly, for the purpose of segment reporting, the Company reports on a geographic segment basis.

h) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within current interest-bearing loans and borrowings in current liabilities on the statement of financial position.

i) Trade and Other Receivables

Trade receivables are initially recognised at the original fee amount. An estimate is made for doubtful debts when collection of the full amount is no longer probable. Bad debts are included in the statement of comprehensive income when identified. The Company’s standard terms for settlement for trade receivables are 30 to 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Company will not be able to collect the debt.

Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the value of estimated future cash flows.

The above policy applies to intercompany receivables. Intercompany receivables are repayable on demand.

j) Work in Progress

Work in progress represents costs incurred and includes profit recognised to date on the value of work completed on matters that are in progress at reporting date. Costs include both variable and fixed costs directly related to matters.

Work in progress is valued at net realisable value after providing for any foreseeable losses.

k) Investments and Other Financial Assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The Company determines the classification of its financial assets upon initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and De-recognition

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Available-For-Sale Securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables, or held to maturity investments. After initial recognition available-for sale securities are measured at fair value with gains or losses being recognised as other comprehensive income/loss until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported as OCI is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

l) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the acquisition cost or cost of replacing parts that are eligible for capitalisation when the cost of replacing the part is incurred. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation rates used for each class of assets are as follows:

Class of fixed asset	Useful Life	Depreciation Rates	Depreciation Method
Plant and equipment	3 - 10 years	10.00 - 33.33%	Straight line
Leased equipment	Term of lease		Straight line

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

De-recognition

An item of plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

m) 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.

Group as a Lessee

There were no lease implications for the Company as at 30 June 2016.

n) Impairment of Non-Financial Assets Other than Goodwill

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from the other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffer impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

o) Goodwill and Intangibles

i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Company are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Company at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment determined in accordance with AASB 8 *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units), to which the goodwill relates. When the recoverable amount of the cash generating unit (group of cash generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash generating unit (group of cash generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

ii) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to the Company's intangible assets is as follows:

	Development costs
Useful lives	Finite
Amortisation method used	Amortised on a straight-line basis over the period of expected future sales from the related project
Internally generated or acquired	Internally generated

p) Trade and Other Payables

Trade payables and other payables are carried at amortised cost. However, due to their short term nature, they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

q) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

s) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

t) Employee Benefits

i) Wages, Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

ii) Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

u) Share-Based Payment Transactions

i) Equity Settled Transactions

The Company previously provided to its employees (including KMPs) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are two remaining plans remaining which provide these benefits:

- Tax Exempt Employee Share Plan ("TEESP"), which provides benefits to all eligible employees; and
- Deferred Employee Share Plan ("DESP"), which provides benefits to key employees and Directors of the Group.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to the market price of the shares on the date of grant.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Wakenby Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award;

- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Equity-settled awards granted by Wakenby to employees of subsidiaries are recognised in the Parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by Wakenby in relation to equity-settled awards only represents the expense associated with grants to employees of the Parent. The expense recognised by the Company is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

v) Contributed Equity

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

w) Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

i) Rendering of Services

Revenue from the provision of legal services is recognised on an accruals basis in the period in which the legal service is provided and is calculated with reference to the professional staff hours incurred on each matter.

ii) On-line Legal and Non-Legal Documents and Publications

Revenue from the provision of on-line legal and non-legal documents and publications is recognised on an accruals basis at the time of delivery of the documents to customers.

iii) Subscription Income

Revenue from memberships granting the subscriber access to the knowledge base of weekly legal bulletins, on-line tools, calculators and services is recognised on a straight line basis which reflects the timing, nature and benefit provided. All memberships have a subscription period of either three or twelve months.

iv) Interest Revenue

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 revenue 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.

v) Dividends

Revenue is recognised when the Company's right to receive the payment is established.

x) Income and Other Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

i) Tax Consolidation Legislation

Wakenby Limited and its prior wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Wakenby Limited, and the previous controlled entities in the tax consolidated group accounted for their own current and deferred tax amounts. The Company applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Wakenby Limited also previously recognised the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities were recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement was previously recognised as a contribution to (or distribution form) wholly-owned tax consolidated entities.

ii) Other Taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (“GST”) except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

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

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

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

y) Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company, adjusted for costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

3. Financial Risk Management Objectives and Policies

RISK EXPOSURES AND RESPONSES

The Company's financial instruments previously consisted mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries, which arose directly from its operations. The Company's policy was that no trading in financial instruments shall be undertaken. The main purpose of non-derivative financial instruments was to finance group operations. Derivatives are not used by the Group and the Group does not speculate in the trading of derivative instruments.

Treasury Risk Management

The Board considers the Company's financial risk exposure and treasury management strategies in the context of the Company's operations. The Board's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk. The Board reviews each of these risks on an on-going basis.

Interest Rate Risk

The Company has no debt that requires the payment of interest.

Financial Instruments	Terms and Conditions and Interest Rate Risk
Bank Deposits	Bank deposits are either held at call, subject to notice of withdrawal or subject to maturity after a specified period of time. All cash held is subject to floating interest rate risk.
Receivables	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non interest bearing and there is no exposure to interest rate risk.
Accounts Payable	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non interest bearing and there is no exposure to interest rate risk.
Equity	Details of equity securities issued and outstanding are disclosed separately in these financial statements. These are non interest bearing and there is no exposure to interest rate risk.

3. Financial Risk Management Objectives and Policies (continued)

RISK EXPOSURES AND RESPONSES (CONTINUED)

Foreign Currency Risk

The Company has no foreign currency exposure.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are available.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance 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. There are no collateral held as security at 30 June 2016. Credit risk is managed on a Company basis and reviewed by the Board. It arises through deposits with financial institutions. The Board monitors credit risk by actively assessing the quality and liquidity of counter parties, consequently only "A" rated banks are utilised for deposits and all potential customers are assessed for credit worthiness taking into account their size, market position and financial standing. The counterparties included in trade and other receivables at 30 June 2016 are not rated, however, given the amount and nature of these financial instruments, the Board is satisfied that they represent a low credit risk for the Company. There are no significant concentrations of credit risk within the Company.

Price Risk

The group has currently no exposure to price risk.

Liquidity Risk

The Group's objective is to maintain adequate liquidity to meet the operating requirements of the business.

4. Significant 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 and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which forms the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. At the 30 June 2016 Goodwill was fully impaired.

Share Based Payment Transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined based on the market price of a Wakenby share at the grant date.

Contingent Consideration Payable

Any contingent consideration clauses have been formulated using Wakenby's minimum expectations as a base (i.e. the contingent consideration is only payable on performance above these minimum expectations). Contingent consideration recognised represents the most probable outcome as determined by management. Future changes in the estimates of any contingent consideration payable will be recorded directly in the statement of comprehensive income in the period in which they occur.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

5. Operating Segments

There were no operating segments during the June 2016 financial year.

6. Parent Entity Information

a) Information relating to Wakenby Limited

	2016 $	2015 $
Current assets	**13,069**	**19,814,287**
Total assets	**13,069**	**19,814,287**
Current liabilities	**69,293**	**11,900,001**
Total liabilities	**194,293**	**11,900,001**
Issued capital	**41,834,718**	**41,415,857**
Accumulated losses	**(42,015,942)**	**(33,501,517)**
Total shareholders' equity	**(181,224)**	**(7,914,340)**
Profit / (loss) of the Parent entity	**11,158,458**	**(28,896,325)**
Total comprehensive income of the Parent entity	**11,158,458**	**(28,896,325)**

The commitments and guarantees of the parent company are the same as those of the consolidated entity.

7. Revenue and Expenses

	CONSOLIDATED	
	2016 **$**	2015 $
a) Other Income		
Sundry Income	-	618
	-	618
b) Depreciation and amortisation expenses		
Depreciation of plant and equipment (Note 12)	-	147,940
Amortisation of intangible assets	-	100,220
	-	248,160
c) Administrative expenses		
Professional and consulting fees:		
Audit fees	12,750	-
Accounting fees	69,852	89,305
Computer consulting and expenses	-	234,341
Consulting fees	600,000	82,144
Legal fees	42,630	807,838
Sub-total professional and consulting fees	725,232	1,213,628
Insurance	-	332,854
Other administrative expenses	26,590	136,105
	751,822	1,682,587
d) Other expenses		
Author royalty fees	-	282
Bad and doubtful debts	-	4,076,722
Bank fees	-	41,169
Capital raising and investor relations	-	92,192
Other expenses	-	615,138
	-	4,825,503
e) Finance costs		
Interest – external entities	-	712,691
Interest accretion	-	-
	-	712,691

8. Income Tax

		CONSOLIDATED	
		2016 $	2015 $
a)	**Income tax expense**		
	Deferred income tax		
	Gains/(losses) on available-for-sale financial assets	-	-
	Income charged directly to other comprehensive income	-	-
b)	**Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory income tax rate**		
	A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate:		
	At the Parent Entity's statutory income tax rate of 30% (2013: 30%)	3,569,868	(8,668,897)
	Deferred tax assets not recognised	(3,569,868)	8,668,897
	Aggregate income tax (benefit) / expense	-	-

At 30 June 2016, there are no unrecognised temporary differences and tax losses from prior years.

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2016.

9. Earnings per Share

The following reflects the income used in the basic and diluted earnings per share computations:

	CONSOLIDATED	
	2016 $	2015 $
a) Earnings used in calculating earnings per share		
For basic and diluted earnings per share:		
Net profit/(loss) attributable to ordinary equity holders of the Parent	**11,155,458**	**(28,896,325)**
	2016 No	**2015 No**
b) Weighted average number of shares		
Weighted average number of ordinary shares for basic and diluted earnings per share	**478,723,403**	**186,754,174**
	2016 $	**2015 $**
c) Earnings Per Share		
Basic (loss)per share – continuing operations (cents per share)	**(0.23)**	**(0.15)**
Basic profit per share – discontinued operations (cents per share)	**2.49**	**-**
Diluted (loss) per share – continuing operations (cents per share)	**(0.23)**	**(0.15)**
Diluted profit per share – discontinued operations (cents per share)	**2.49**	**-**

No instruments (eg. share options) existed at reporting date which could potentially dilute basic earnings per share in either of the periods presented.

Apart from the above, there have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

10. Cash and Cash Equivalents

	CONSOLIDATED	
	2016 $	2015 $
Cash at bank and in hand	**469**	**1,003,462**

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents approximate fair value.

	CONSOLIDATED	
	2016 $	2015 $
Reconciliation to statement of cash flows		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	**469**	**1,003,462**
Cash and cash equivalents	**469**	**1,003,462**

11. Trade and Other Receivables

	CONSOLIDATED	
	2016 **$**	2015 $
Other receivables	**12,600**	-
Carrying amount of trade and other receivables	**12,600**	-

There are no trade receivables past their due date.

12. Plant and Equipment

Reconciliation of Carrying Amounts at the Beginning and End of the Period

	CONSOLIDATED Plant and equipment	
	2016 **$**	2015 $
Year ended 30 June		
Balance as at 1 July net of accumulated depreciation	-	**727,738**
Additions	-	**29,999**
Impairment	-	**(609,797)**
Depreciation charge for the year (Note 7b)	-	**(147,940)**
Balance as at 30 June net of accumulated depreciation	-	-

13. Goodwill

a) Reconciliation of Carrying Amounts at the Beginning and End of the Year

	CONSOLIDATED	
	2016 **$**	2015 $
Year ended 30 June		
Balance as at 1 July net of accumulated impairment	-	**22,183,651**
Disposal of subsidiary	-	**(7,633,430)**
Impairment	-	**(14,550,221)**
Balance as at 30 June net of accumulated impairment	-	-

b) Description of the Group's Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer to section (c) of this note).

c) Impairment Tests for Goodwill with Indefinite Useful Lives

(i) Description of the Cash Generating Units and Other Relevant Information

Goodwill acquired through business combinations was allocated to four individual cash generating units ("CGU") however as goodwill has been fully impaired no testing for impairment was required.

14. Intangible Assets

Reconciliation of Carrying Amounts at the Beginning and End of the Year

	CONSOLIDATED	
	2016 $	2015 $
Opening balance (net of accumulated amortisation)	-	972,527
Disposal on disposal of subsidiary	-	(647,307)
Amortisation	-	(100,220)
Impairment	-	(225,000)
Closing balance (net of accumulated amortisation)	-	-

15. Business Combinations

There are no business combinations during the year.

16. Trade and Other Payables

	CONSOLIDATED	
	2016 $	2015 $
Trade payables	-	434,028
Other payables and accruals	69,293	386,644
	69,293	820,672

17. Interest Bearing Loans and Other Borrowings

	CONSOLIDATED	
	2016 $	2015 $
Current		
Obligations under finance leases and hire purchase contracts (note 32i))	-	38,333
Bank loan (secured)	-	11,900,001
	-	11,938,334
Non-Current		
Benima Pty Ltd	113,000	-
Anex Industrial Corporation Pty Ltd	12,000	-
	125,000	-

(a) The unsecured loans from Benima Pty Ltd and Anex Industrial Corporation Pty Ltd are repayable in June 2018 and currently bear no interest rate.

(b) Defaults and breeches – the Company was under external administration from 17 December 2014 until 8 April 2016 and consequently the Company does not have sufficient information to provide the level of disclosure required in relation to previous debts extinguished upon termination of the administration.

18. Contributed Equity

	Consolidated 2016 Shares	Consolidated 2015 Shares	Consolidated 2016 $	Consolidated 2015 $
Fully paid shares	**478,723,850**	***267,320,780**	41,834,718	41,415,857
Forfeited shares held in trust	**-**	**-**	-	-
	478,723,580	***267,320,780**	41,834,718	41,415,857

*On 8 April 2016, 258,233,800 were the subject of a 1:19 consolidation reducing the number of shares to 13,591,252

Fully paid ordinary shares carry one vote per share and carry the right to dividends. The shares have no par value.

Movement in Ordinary Shares on Issue

	Shares	$
Opening balance as at 1 July 2015	267,320,780	41,415,857
Cancellation of ordinary shares	(9,086,980)	-
Total pre-consolidation	258,233,800	41,415,857
Consolidation (1:19)	13,591,699	41,415,857
Issue of shares at 0.00006608445 cents per share	15,132,151	1,000
Issue of shares at 0.001 cents per share	450,000,000	450,000
Capital raising costs	-	(32,139)
Balance as at 30 June 2016	**478,723,850**	**41,834,718**

	Shares	$
Opening balance as at 1 July 2014	167,156,892	38,862,375
Issue of shares at 2.55 cents per share being part consideration for the acquisition of Capricorn Investment Partners Limited and The Pentad Group	105,659,259	2,694,318
Issue of shares at 2.55 cents per share being satisfaction of member profit share entitlements	6,385,216	162,823
Issue of shares at 2.55 cents per share being directors remuneration	1,374,980	35,062
Shares approved by shareholders but not issued	(13,255,867)	(338,721)
Balance as at 30 June 2015	**267,320,480**	**41,415,857**

19. Accumulated Losses

	CONSOLIDATED	
	2016 **$**	2015 $
Accumulated losses	**(42,015,942)**	**(53,171,401)**
Balance at beginning of year	**(53,171,401)**	**(26,323,477)**
Profit/(Loss) for the year	**11,155,459**	**(28,896,325)**
Transfer from reserves	**-**	**2,048,401**
Balance at end of the year	**(42,015,942)**	**(53,171,401)**

20. Cash Flow Reconciliation

		CONSOLIDATED	
		2016 $	2015 $
a)	**Reconciliation of net profit / (loss) after tax to net cash flows from operations**		
	Net profit / (loss) after tax from continuing operations	**(744,168)**	**(28,896,325)**
	Net profit after tax from discontinuing operations	**11,899,626**	**-**
		11,155,458	**(28,896,325)**
	Adjustments for:		
	Depreciation and amortisation expenses	**-**	**248,160**
	(Profit) / Loss on disposal of assets	**-**	**(37,950)**
	Loss on disposal of subsidiaries	**-**	**1,845,533**
	Share based payments expense	**-**	**7,618**
	Movement in fair value of financial liabilities	**-**	**(78,763)**
	Interest	**-**	**475,509**
	Debt forgiveness	**(11,832,947)**	**-**
	Impairment losses	**-**	**22,025,517**
	Bad debts	**-**	**4,076,722**
	Changes in assets and liabilities:		
	(Increase)/Decrease in trade and other receivables	**(12,600)**	**7,638,193**
	(Increase)/decrease in work in progress	**-**	**1,783,895**
	(Increase)/decrease in available-for-sale assets	**-**	**-**
	Increase/(decrease) in income tax payable	**-**	**-**
	(Decrease)/increase in trade and other payables	**(749,379)**	**(4,795,981)**
	Increase/(decrease) in net deferred tax liabilities	**-**	**(78,640)**
	(Decrease)/increase in provisions	**-**	**(1,862,401)**
	(Decrease) in other liabilities	**-**	**-**
	Net cash used in operating activities	**(1,439,468)**	**2,351,087**
b)	**Non-cash financing and investing activities**		
	Settlement of a subsidiary purchase with shares	**-**	**-**
	Settlement of an associate purchase with shares	**-**	**-**
		-	**-**

21. Related Parties

a) Subsidiaries

None of the subsidiaries operated during the year and the Company disposed of all remaining subsidiaries prior to 30 June 2016.

b) Ultimate Parent

Wakenby Limited (formerly ILH Group Limited) is the only remaining entity within the former Group.

c) Related party loans

The following related party loans:

- Benima Pty Ltd $113,000
- Anex Industrial Corporation Pty Ltd $12,000

are repayable in June 2018 and currently bear no interest rate.

d) Key Management Personnel

Details relating to KMP, including remuneration paid, are included in note 22.

22. Key Management Personnel

a) Compensation of Key Management Personnel

No Key Management Personnel were remunerated from 8 April 2016. Prior to this, the Company was under administration.

23. Contingencies

As the members of the former Group entered into Deeds of Company Arrangement no liabilities remain on foot with respect to activities prior to 8 April 2016. No contingent liabilities have arisen since that date.

24. Auditor's Remuneration

The current auditors are Stantons International Audit and Consulting Pty Limited.

	CONSOLIDATED	
	2016 $	2015 $
• an audit or review of the financial report of the Company	12,750	*
• other services in relation to the Company		
– tax compliance	-	*
	12,750	*

* The Company was under External administration from 17 December 2014, consequently the Company does not have sufficient information to allow the level of disclosure required for the year ended 30 June 2016.

25. Events after Reporting Date

There were no events after reporting date.

26. Discontinued Operations

During the year the Group disposed of its remaining subsidiaries and on the 8 April 2016 extinguished its existing debt under a deed of company Arrangement. As a result a profit on discounted operations of $11,899,626 was booked to the profit and loss account.

As the Group was under External administration from 17 December 2014, consequently the group does not have sufficient information to allow the level of disclosure of the assets/liabilities disposed or the debts extinguished.

Directors' Declaration

In accordance with a resolution of the current directors of ILH Group Limited, I state that:

1. In the opinion of the current directors:

   a) As set out in Note 2, although the Directors have prepared the consolidated financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the consolidated financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:

      i. Giving a true and fair view of the financial position as at 30 June 2015 and performance; and

      ii. Complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;*

   b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2, and

   c) Subject to the successful recapitalisation of the Company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the current Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2015.

On behalf of the Board.

Benjamin Harkham

Director

Allan Farrar

Director

Sydney, 29 September 2016

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QUALIFIED INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAKENBY LIMITED (FORMERLY ILH GROUP LIMITED)

Report on the Financial Report

We have audited the accompanying financial report of Wakenby Limited (formerly ILH Group Limited), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements do not comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Because of the matter discussed in the basis of Disclaimer of Auditor's Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Independence

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

Basis for Disclaimer of Auditor's Opinion

The company was placed into administration on 17 December 2014 and the Deed of Company Arrangement was effectuated on 8 April 2016. Consequently, the financial information relating to the year under audit was not subject to the same accounting and internal controls processes, which includes the implementation and maintenance of internal controls that are relevant to the preparation and fair presentation of the financial report. Whilst the books and records of the company have been reconstructed to the maximum extent possible, we were unable to satisfy ourselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report.

As stated in Note 2(b), the current Directors are unable to state that the financial report is in accordance with all the requirements of the Corporations Act 2001 and the Australian Accounting Standards.

Disclaimer of Auditor's Opinion

In our opinion:

(a) because of the existence of the limitation on the scope of our work, as described in the Basis for Disclaimer of Auditor's Opinion paragraph noted above, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion as to whether the financial report of Wakenby Limited (formerly ILH Group Limited) is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date;
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  (iii) complying with all the requirements of the International Financial Reporting Standards.

Emphasis of Matter Regarding Going Concern

As referred to in 2(a) to the financial statements, the financial statements have been prepared on a going concern basis. At 30 June 2016 the entity had a working capital deficiency of $56,224, cash and cash equivalents of $469 and had incurred a loss for the year amounting to $744,168. The ability of the entity to continue as a going concern is subject to the successful recapitalisation of the entity. In the event that the Board is not successful in recapitalising the consolidated entity and in raising further funds, the Company may not be able to meet its liabilities as they fall due.

Report on the Remuneration Report

We have audited the remuneration report included on pages 11 to 17 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

Disclaimer of opinion

Because of the existence of the limitation on scope of our work, as described in the Basis of Disclaimer of Auditor's Opinion, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, an opinion on the remuneration report of Wakenby Limited (formerly ILH Group Limited) for the year ended 30 June 2016 and whether it complies with Section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
29 September 2016

ASX Additional Information

Additional information required by the ASX and not shown elsewhere in this report is as follows. The information is current as at 30 June 2016.

a) Distribution of Equity Securities

Ordinary Share Capital

- 478,723,850 fully paid ordinary shares are held by 923 individual shareholders.
- All issued ordinary shares carry one vote per share and the right to dividends.

The numbers of shareholders by size of holding are:

The numbers of shareholders by size of holding are:	
1 – 1,000	361
1,001 – 5000	345
5,001 – 10,000	80
10,001 – 100,000	109
100,001 and over	28
	923

b) Substantial Shareholders

	Fully Paid Number	Percentage (%)
BGA Capital Pty Ltd	450,000,000	94.00%
Sinbad Pty Ltd	15,132,151	3.16%

c) 20 Largest Holders of Quoted Equity Securities

Ordinary Shareholders	Fully Paid Number	Percentage (%)
BGA Capital Pty Ltd <BGA Unit Trust>	450,000,000	94.00
Sinbad Pty Ltd <Cyclops A/c>	15,132,151	3.16
Alford Consultants Pty Ltd <Warmington Family A/c>	1,152,333	0.24
Mr Lance Livermore & Mrs Pamela Carolyn Livermore <Pace Superfund A/c>	1,152,333	0.24
Primeyield Pty Ltd <Loran Investment A/c>	1,152,333	0.24
Bobbin Ed Pty Ltd <Dolcezza Di Non fare A/c>	594,348	0.12
Mr Michael John Cranny	521,571	0.11
Partnership Financial Planning <MacDonald Maher Super Fund>	439,376	0.09
Australian Share Finance Pty Ltd <Bradley Maguire Super Fund>	430,016	0.09
Legal Australia Pty Ltd <Davies Super Fund A/c>	390,149	0.08
Monoplane Pty Ltd <Super Fund A/c>	342,549	0.07
Fortune Cookie Holdings Pty Ltd <Morris Financial A/c>	281,813	0.06
Capricorn Investment Partners (Nominees) Pty Ltd <D & S French Athel>	279,581	0.06
ABN Amro Clearing Nominees Pty Ltd <Custodian A/c>	248,400	0.05
Capricorn Investment Partners (Nominees) Pty Ltd <Hygo A/c>	202,154	0.04
Capricorn Investment Partners (Nominees) Pty Ltd <PW & TC Cranny S/F>	171,039	0.04
Mr John Paul Oliver	161,492	0.03
Pango Road Pty Ltd <Ridgway Superannuation A/C>	149,657	0.03
Mr Graeme Hilton George Fowler	143,421	0.03
Mr Graeme Hilton Fowler + Mrs Louise Patricia Fowler <Fowler Super Fund A/c>	137,248	0.03
	473,081,964	**98.82**

d) Corporate Governance Statement

The Corporate governance Statement was approved by the Board of Directors on 26 September 2016 and can be viewed at: http://wakenby.com.au/about-wakenby/corporate-governance.html.