Novatti Pty Ltd

ABN 44 100 681 758

Financial Statements

For the Year Ended 30 June 2013

Novatti Pty Ltd

ABN: 44 100 681 758

Directors' Report

Your directors present their financial statements of Novatti Pty Ltd (the "Company") for the year ended 30 June 2013.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names

Peter Samuel Cook
Ashley Head (Appointed 20 July 2012)
Paul Burton (Appointed 20 July 2012)

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

Review of Operations

A review of the operations of the Company during the financial year and the results of those operations found that during the year, the company continued to engage in its principle activities, the results of which are disclosed in the attached financial statements.

Operating Results

The loss of the Company during the financial year after providing for income tax amounted to $674,049 (2012: $174,538).

Principal Activity and Significant Changes in State of Affairs and Likely Developments

The principal activities of the Company during the financial year were the provisioning of software technology and systems integrations.

No significant changes in the nature of the activities of the Company during the financial year. The directors anticipate that the company will continue these principal activities for the foreseeable future.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years

Environmental Issues

The company’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Novatti Pty Ltd
ABN: 44 100 681 758

Directors' Report

Indemnification of Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this Directors' Report.

Signed in accordance with a resolution of the Board of Directors:

....

Peter Samuel Cook
Director

Dated this 21st day of September, 2015

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NOVATTI PTY LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2013 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

William Buck

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

Jeffrey C. Luckins
Director
Dated this 21st day of September, 2015

CHARTERED ACCOUNTANTS & ADVISORS

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Novatti Pty Ltd
ABN: 44 100 681 758

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2013

	Note	2013 $	(Unaudited) 2012 $
Sales revenue		**1,917,139**	2,276,452
Other income	2	**350,016**	10,312
		2,267,155	2,286,764
Cost of Sales		**(257,887)**	(221,898)
Other employee benefits		**(1,755,383)**	(1,576,176)
Depreciation and amortisation		**(316,931)**	(329,672)
Occupancy		**(106,761)**	(99,475)
Finance charges		**(6,343)**	(36,467)
Foreign currency (losses)/gains		**(42,066)**	(35,371)
Travel		**(97,594)**	(40,959)
Marketing		**(193,217)**	(14,440)
Data Management		**(52,489)**	(17,413)
Other expenses		**(112,533)**	(89,431)
		(2,941,204)	(2,461,302)
Profit / (loss) before income tax		**(674,049)**	(174,538)
Income tax (expense) / benefit	3	**-**	-
Net Profit for the year		**(674,049)**	(174,538)

The accompanying notes form part of these financial statements

Novatti Pty Ltd

ABN: 44 100 681 758

Statement of Financial Position

As at 30 June 2013

	Note	2013	(Unaudited) 2012
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	4	***109,467***	(216,767)
Financial assets	5	***1,454,713***	-
Trade and other receivables	6	***738,285***	709,149
Other assets	7	***623***	249
Total Current Assets		***2,303,088***	492,631
Non-current Assets			
Property, plant and equipment	8	***13,347***	14,905
Intangible assets	9	***367,432***	674,791
Other non current assets	10	***33,801***	2,000
Total Non-current Assets		***414,580***	691,695
Total Assets		***2,717,668***	1,184,326
LIABILITIES			
Current Liabilities			
Trade and other payables	11	***386,804***	570,958
Employee Benefits	12	***126,505***	90,109
Borrowings	13	***-***	744,851
Total Current Liabilities		***513,309***	1,405,918
Non-current Liabilities			
Borrowings	13	***-***	-
Employee benefits	12	***-***	-
Total Non-current Liabilities		***-***	-
Total Liabilities		***513,309***	1,405,918
NET ASSETS		***2,204,359***	(221,592)
EQUITY			
Issued capital	14	***3,458,122***	358,122
Retained earnings / (accumulated losses)		***(1,253,763)***	(579,714)
Total Equity		***2,204,359***	(221,592)

The accompanying notes form part of these financial statements

Novatti Pty Ltd
ABN: 44 100 681 758

Statement of Changes in Equity
For the Year Ended 30 June 2013

	Issued Capital $	Retained earnings $	Total $
2013			
Balance at 1 July 2012	**358,122**	**(579,714)**	**(221,592)**
Comprehensive income			
Profit for the year	-	(674,049)	(674,049)
Total comprehensive income	-	(674,049)	(674,049)
Transactions with owners in their capacity as owners			
Shares issued during the period	3,100,000	-	3,100,000
Balance at 30 June 2013	**3,458,122**	**(1,253,763)**	**2,204,359**
2012 (Unaudited)			
Balance at 1 July 2011	**358,122**	**(405,175)**	**(47,053)**
Comprehensive income			
Profit for the year	-	(174,539)	(174,539)
Total comprehensive income	-	(174,539)	(174,539)
Balance at 30 June 2012	**358,122**	**(579,714)**	**(221,592)**

The accompanying notes form part of these financial statements

Novatti Pty Ltd
ABN: 44 100 681 758

Statement of Cash Flows
For the Year Ended 30 June 2013

	Note	2013 $	(Unaudited) 2012 $
Cash from operating activities:			
Receipts from customers		**2,618,042**	2,271,735
Payments to suppliers and employees		**(3,251,344)**	(2,044,131)
Interest received		**73,458**	6,623
Interest paid		**(6,343)**	(36,467)
Net cash provided by operating activities		**(566,187)**	197,760
Cash flows from investing activities:			
Acquisition of property, plant and equipment		**(8,015)**	(3,454)
Net cash provided by / (used in) investing activities		**(8,015)**	(3,454)
Cash flows from financing activities:			
Proceeds from issue of shares		**3,100,000**	-
Payment of loans from related parties		**(744,851)**	(188,120)
		2,355,149	(188,120)
Net cash used in financing activities		**2,355,149**	(188,120)
Net increase / (decrease) in cash held		**1,780,947**	6,186
Cash at the beginning of financial year		**(216,767)**	(222,953)
Cash at end of financial year		**1,564,180**	(216,767)

The accompanying notes form part of these financial statements

1 Statement of Significant Accounting Policies

General information

NOVATTI Pty Ltd (the Company) is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding the fact that for the year ended 30 June 2013 the company generated a loss of $674,049 (2012 unaudited: loss of $174,538) and incurred net cash outflows from operations of $566,187 (2012 unaudited: inflows of $197,760). As at 30 June 2013 the company had net assets of $2,204,359 (2012 unaudited: $(221,592)) and positive working capital of $1,789,779 (2012 unaudited: negative working capital of $913,287).

The directors are confident of the ability of the company to continue as a going concern. In arriving at this position, the directors have given consideration to the following aspects and developments in the company's position:

- *Expected future cash flows*

During a subsequent reporting period, the company required strong working capital support from associates and shareholders to fund its ongoing operations. Notwithstanding this, the directors have reviewed the company's cash flow forecast which has been prepared to consider a period of at least 12 months from the date of signing of this report and have a reasonable expectation that the company will generate sufficient cash inflows to support operational expenditures and contractual commitments.

- *Capital raising*

The directors plan to raise additional equity capital to finance the continued operating and capital requirements of the company. Amounts raised will be used to further develop the company's products and for other working capital purposes. While the Company will extend its best efforts to raise additional capital to fund all operations for a period of at least 12 months from the date of this report, management can provide no assurances that the company will be able to raise such sufficient funds.

The directors are confident that the company has taken the necessary steps to ensure that it has sufficient cash flows to meet operational and contractual commitments for a period of at least 12 months from the date of signing of this report. Therefore, the financial statements have been prepared on the basis that the company is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

1 Statement of Significant Accounting Policies *(continued)*

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entity where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on an average cost basis.

(c) Property, plant and equipment

Property

Freehold land and buildings are carried at costs less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The estimated useful lives for the current period are as follows:

Property and equipment	1 - 12 years
Fixtures and fittings	1 - 12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss statement in the period in which they arise. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Intangible Assets

Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which is relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date they are available for use. The estimated useful lives for the current period are as follows:

- Research and Development 5 years

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

(e) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

1 Statement of Significant Accounting Policies *(continued)*

(e) Financial Instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(f) Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(g) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

(h) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1 Statement of Significant Accounting Policies *(continued)*

(j) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

1 Statement of Significant Accounting Policies *(continued)*

(m) Critical Accounting Estimates and Judgements

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

Impairment of Inventories

Management has reviewed the carrying amount of the inventories during the financial year and decided to write down the balance due to obsolescence of the inventories. Refer to Note 6.

Provision for doubtful debts

The directors have reviewed the carrying amount of the trade receivables during the financial year and estimated that some trade receivables may not be recoverable. Refer to note 5.

Estimation of useful lives of assets

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

Impairment of intangible assets other than goodwill

The Company tests annually or more frequently if events or changes in circumstances indicate impairment to intangible assets other than goodwill. If an impairment trigger exists, the recoverable amount of the assets is determined. This require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

	2013	2012
2 Profit before income tax	**$**	**$**
a) Other income		
- Research & development refund	**248,483**	-
- Interest income	**73,458**	6,623
- Other	**28,075**	3,689
.	**350,016**	10,312

b) Significant expenses

The following significant expense items are relevant in explaining the financial performance:

	2013	2012
- Cost of sales	**257,887**	221,898
- Employee benefits expenses	**1,755,383**	1,576,176
- Depreciation and amortisation	**316,931**	329,672

3 Income tax expense / (benefit)

	2013	2012
Current tax expense	**-**	-
Deferred tax benefit	**-**	-
	-	-

4 Cash and cash equivalents

	2013	2012
Cash at bank and in hand	**109,467**	(216,767)
	109,467	(216,767)

5 Financial assets

	2013	2012
Term deposit	**1,454,713**	-
	1,454,713	-

6 Trade and other receivables

CURRENT

	2013	2012
Trade and other receivables	**641,458**	490,379
Other receivables	**96,827**	218,770
	738,285	709,149

7 Other assets

	2013	2012
- Prepayments	**623**	250
	623	250

Notes to the Financial Statements
For the Year Ended 30 June 2013

	2013	2012
8 Property, plant and equipment	**$**	**$**
Property plant and equipment at cost	**377,865**	369,851
Less accumulated depreciation	**(371,366)**	(363,189)
	6,499	6,662
Fixtures and fittings at cost	**18,133**	18,133
Less accumulated depreciation	**(11,285)**	(9,891)
	6,848	8,242
Total property, plant and equipment	**13,347**	14,904

9 Intangible assets

Research and development	**1,787,110**	1,787,110
Less accumulated amortisation	**(1,419,678)**	(1,112,319)
	367,432	674,791
Total intangible assets	**367,432**	674,432

10 Other non current assets

Shares in listed entity	**2,000**	2,000
Tender bond	**2,780**	-
Investment in JV	**29,021**	
	33,801	2,000

11 Trade and other payables

Trade payable and other liabilities	**80,486**	402,075
Sundry creditors and accruals	**221,209**	127,081
Unearned revenue	**85,109**	41,802
	386,804	570,958

12 Employee benefits

CURRENT		
Employee provisions	**126,505**	90,109
	126,505	90,109

Notes to the Financial Statements

For the Year Ended 30 June 2013

13 Borrowings

	2013 $	2012 $
Loan from Shareholder	-	729,851
Employee provisions	-	15,000
	-	744,851

14 Issued capital

3,458,121 fully paid ordinary shares (2012: 358,122)	**3,458,121**	358,122

The company does not have authorised share capital or par value in respect of its issued shares. All issued shares are fully paid.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

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

15 Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company.

16 Capital and leasing commitments

	2013 $	2012 $
Minimum payments for operating leases		
Less than 12 months	**82,910**	79,435
Between 12 months and 5 years	**277,587**	360,497
More than 5 years		
Total minimum lease payments	**360,497**	439,932

The Company leases various offices, technical and office equipment under non-cancellable operating leases expiring within 1 to 6 years. The leases have varying terms, escalation clauses and renewable rights. On renewal, the terms of the leases are renegotiated.

17 Contingent liabilities

The Company had no other contingent liabilities as at 30 June 2013.

Directors' Declaration

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

The directors of the company declare that:

1. The financial statements and notes are in accordance with the Corporations Act 2001 and:

    (a) Comply with Accounting Standards; and

    (b) Give a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

....

Peter Samuel Cook
Director

Dated this 21st day of September, 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOVATTI PTY LTD

Report on the Financial Report

We have audited the accompanying financial report on pages 6 to 20, being a special purpose financial report of Novatti Pty Ltd (the Company), which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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, and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

CHARTERED ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NOVATTI PTY LTD (CONT)

Basis for Disclaimer of Opinion
The previous financial report was not audited. Whilst we were satisfied with the material accuracy of amounts recorded in the statement of financial position at 30 June 2013, the impact of opening balances on the current period profit or loss and cash flows prevent us from forming an opinion on the financial report taken as a whole.

Disclaimer of Opinion
Because of the significance of the matter described in the Basis of Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

Emphasis of Matter
Inherent Uncertainty Regarding Continuation as a Going Concern
Without modification to the disclaimer of opinion expressed above, we draw attention to Note 1 in the financial report which indicates that the Company incurred a net loss of $674,049 and generated net cash outflows of $566,187 during the year ended 30 June 2013. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Basis of Accounting
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose.

Matters Relating to the Electronic Presentation of the Audited Financial Report
This auditor's report relates to the financial report of Novatti Pty Ltd for the year ended 30 June 2013 included on Novatti Pty Ltd's web site. The company's directors are responsible for the integrity of the Novatti Pty Ltd's web site. We have not been engaged to report on the integrity of the Novatti Pty Ltd's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Jeffrey C. Luckins
Director
Dated this 21ts day of September, 2015