

Allcom Networks Pty Ltd

ABN: 34 076 491 917

Financial Statements

For the Year Ended 30 June 2013

Allcom Networks Pty Ltd

ABN: 34 076 491 917

Contents

For the Year Ended 30 June 2013

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	17
Independent Audit Report	18

Directors' Report

For the Year Ended 30 June 2013

The directors present their report on Allcom Networks Pty Ltd for the financial 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

Michael Smith

Andrew Leigh

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

Principal activities

The principal activity of Allcom Networks Pty Ltd during the financial year was the provision of IT related sales and services.

No significant changes in the nature of the Company's activity occurred during the financial year.

Operating results

The profit of the Company after providing for income tax amounted to \$ 715,349 (2012: \$ 599,190).

Dividends paid or recommended

Dividends paid or declared during or since the end of the financial year are as follows:

- A fully franked dividend of \$ 241,322 was paid during the year as recommended in last year's report.
- A fully franked dividend of \$ 1,955,000 was declared post 30 June 2013 and paid on 15 August 2013.

Events after the reporting date

Subsequent to year end, the directors executed an agreement for the sale of the shares in the company to PS&C Limited.

On 22 August 2013, the company sold its 50% share in Allcom PNG Limited.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could 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 matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Allcom Networks Pty Ltd

ABN: 34 076 491 917

Directors' Report

For the Year Ended 30 June 2013

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

Director:



Michael Smith

Director:



Andrew Leigh

Dated

30/10/2013

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ALLCOM NETWORKS PTY LTD**

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

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

30 October 2013

Nexia Melbourne

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Statement of Comprehensive Income

For the Year Ended 30 June 2013

		2013	2012
	Note	\$	\$
Revenue	2	20,196,363	15,239,302
Cost of sales		(16,670,614)	(11,815,574)
Employee benefits expense		(1,329,485)	(1,433,265)
Depreciation expense		(113,310)	(107,993)
Occupancy expenses		(198,390)	(193,729)
Other expenses		(819,641)	(727,492)
Finance costs		(69,677)	(67,254)
Profit before income tax		995,246	893,995
Income tax expense		(279,897)	(294,805)
Profit for the year		715,349	599,190
Total comprehensive income for the year		715,349	599,190

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,399,148	5,534,076
Trade and other receivables	4	4,699,344	3,863,307
Inventories		12,569	175,494
Other assets	5	289,199	68,713
TOTAL CURRENT ASSETS		6,400,260	9,641,590
NON-CURRENT ASSETS			
Investments	6	1	1
Plant and equipment	7	202,963	282,832
Deferred tax assets		163,625	155,000
TOTAL NON-CURRENT ASSETS		366,589	437,833
TOTAL ASSETS		6,766,849	10,079,423
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	2,643,635	3,541,084
Borrowings	9	315,223	853,014
Current tax liabilities		154,879	311,447
Employee benefits	10	334,574	336,309
Other liabilities	11	584,820	2,808,354
TOTAL CURRENT LIABILITIES		4,033,131	7,850,208
NON-CURRENT LIABILITIES			
Employee benefits	10	210,843	180,357
TOTAL NON-CURRENT LIABILITIES		210,843	180,357
TOTAL LIABILITIES		4,243,974	8,030,565
NET ASSETS		2,522,875	2,048,858
EQUITY			
Issued capital		2	2
Retained earnings	12	2,522,873	2,048,856
TOTAL EQUITY		2,522,875	2,048,858

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2013

	Note	Issued capital \$	Retained earnings \$	Total equity \$
2013				
Balance at 1 July 2012		2	2,048,856	2,048,858
Profit attributable to members of the parent entity		-	715,349	715,349
Dividends paid or provided for		-	(241,332)	(241,332)
Balance at 30 June 2013		2	2,522,873	2,522,875
2012				
Balance at 1 July 2011		2	1,649,666	1,649,668
Profit attributable to members of the parent entity		-	599,190	599,190
Dividends paid or provided for		-	(200,000)	(200,000)
Balance at 30 June 2012		2	2,048,856	2,048,858

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2013

		2013	2012
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		19,127,097	24,844,418
Payments to suppliers and employees		(21,961,359)	(19,581,056)
Interest received		26,665	41,667
Finance costs		(69,677)	(67,254)
Income tax paid		(445,090)	(212,353)
Net cash provided by (used in) operating activities	13	<u>(3,322,364)</u>	<u>5,025,422</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment		<u>(33,441)</u>	<u>(27,292)</u>
Net cash used by investing activities		<u>(33,441)</u>	<u>(27,292)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of Cisco Loan		(509,381)	(527,415)
Payment of hire purchase liabilities		(28,410)	(25,131)
Dividends paid to shareholders		<u>(241,332)</u>	<u>(200,000)</u>
Net cash used by financing activities		<u>(779,123)</u>	<u>(752,546)</u>
Net increase (decrease) in cash and cash equivalents held		(4,134,928)	4,245,584
Cash and cash equivalents at beginning of year		<u>5,534,076</u>	<u>1,288,492</u>
Cash and cash equivalents at end of financial year	3	<u><u>1,399,148</u></u>	<u><u>5,534,076</u></u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

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

The financial statements were authorised for issue by the directors as at the date of the Directors Report.

The financial statements have been prepared in accordance with recognition and measurement criteria in the Australian Accounting Standards and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The significant accounting policies disclosed below are those which the directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless otherwise stated.

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

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(c) Revenue and other income

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

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

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services is recognised when the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(d) Income Tax

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- 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 accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured 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 (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(e) Cash and cash equivalents

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

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the individual item basis and are net of any rebates and discounts received.

(g) Plant and Equipment

Plant and equipment are carried at cost less, where applicable, any accumulated depreciation.

All assets are depreciated over their useful lives to the Company.

(h) Investments in associates

Associate companies are companies in which the Company has significant influence generally through holding, directly or indirectly, 20% or more of the voting power of the Company. Investments in associates are accounted for in the financial statements at cost less any impairment charges, where applicable.

Details of the Company's investments in associates are shown at Note 6.

(i) 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 wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(j) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership), that are transferred to entities in Allcom Networks Pty Ltd are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the statement of financial position.

(k) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

(l) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013 \$	2012 \$
2 Revenue and other income		
Sales revenue		
- sale of goods	16,530,434	12,309,006
- provision of services	2,920,620	2,485,916
Finance income		
- interest received	26,665	41,667
Other revenue		
- other revenue	718,644	402,713
	<u>20,196,363</u>	<u>15,239,302</u>
3 Cash and cash equivalents		
Cash on hand	400	400
Cash at bank	1,398,748	5,533,676
	<u>1,399,148</u>	<u>5,534,076</u>
4 Trade and other receivables		
Trade receivables	4,113,501	3,147,218
Cisco hardware lease	527,901	701,163
Related party receivables - Allcom Consulting Services Pty Ltd	50,000	-
Loans to Directors	3,808	462
Other receivables	4,134	14,464
	<u>4,699,344</u>	<u>3,863,307</u>
5 Other non-financial assets		
Prepayments	46,045	4,590
Accrued income	172,661	-
Rental deposit	66,335	59,965
Other assets	4,158	4,158
	<u>289,199</u>	<u>68,713</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013 \$	2012 \$
6 Investments		
Allcom PNG Limited	<u>1</u>	<u>1</u>
The company owns 50% of the shares in Allcom PNG Limited. The investment is recognised at cost.		
7 Plant and equipment		
Plant and equipment		
At cost	36,380	32,889
Accumulated depreciation	<u>(33,602)</u>	<u>(32,889)</u>
	<u>2,778</u>	<u>-</u>
Furniture, fixture and fittings		
At cost	109,519	117,857
Accumulated depreciation	<u>(37,704)</u>	<u>(56,233)</u>
	<u>71,815</u>	<u>61,624</u>
Motor vehicles		
At cost	-	206,679
Accumulated depreciation	<u>-</u>	<u>(133,450)</u>
	<u>-</u>	<u>73,229</u>
Office equipment		
At cost	117,735	124,066
Accumulated depreciation	<u>(114,372)</u>	<u>(119,611)</u>
	<u>3,363</u>	<u>4,455</u>
Computer equipment		
At cost	664,905	641,032
Accumulated depreciation	<u>(548,751)</u>	<u>(516,186)</u>
	<u>116,154</u>	<u>124,846</u>
Improvements		
At cost	98,249	98,249
Accumulated depreciation	<u>(89,396)</u>	<u>(79,571)</u>
	<u>8,853</u>	<u>18,678</u>
Total plant and equipment	<u><u>202,963</u></u>	<u><u>282,832</u></u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013 \$	2012 \$
8 Trade and other payables		
<i>Unsecured liabilities:</i>		
Trade payables	2,204,718	3,157,877
Sundry payables and accrued expenses	438,917	383,207
	<u>2,643,635</u>	<u>3,541,084</u>
9 Borrowings		
<i>Secured liabilities:</i>		
Loan - Cisco	315,223	824,604
Hire purchase	-	28,410
	<u>315,223</u>	<u>853,014</u>
10 Employee Benefits		
CURRENT		
Employee entitlements	334,574	336,309
NON-CURRENT		
Employee entitlements	210,843	180,357
11 Other liabilities		
Deferred income	584,820	2,808,354
12 Retained Earnings		
Retained earnings at the beginning of the financial year	2,048,856	1,649,666
Net profit for the year	715,349	599,190
Ordinary dividends	(241,332)	(200,000)
	<u>2,522,873</u>	<u>2,048,856</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013 \$	2012 \$
13 Cash Flow Information		
(a) Reconciliation of result for the year to cashflows from operating activities		
Reconciliation of net income to net cash provided by operating activities:		
Profit for the year	715,349	599,190
Non-cash flows in profit:		
- depreciation	113,310	107,993
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(836,037)	249,756
- (increase)/decrease in other assets	(220,486)	31,573
- decrease/(increase) in inventories	162,925	(175,494)
- increase in deferred tax receivable	(8,625)	(35,922)
- (decrease)/increase in trade and other payables	(897,449)	1,585,718
- (decrease)/increase in income taxes payable	(156,568)	118,374
- (decrease)/increase in other liabilities	(2,223,534)	2,424,496
- increase in employee benefits	28,751	119,738
Cashflow from operations	<u>(3,322,364)</u>	<u>5,025,422</u>

14 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2013 (30 June 2012:None).

15 Commitments

(i) Operating Leases

The company has 2 leases relating to premises in Sydney, New South Wales (2012: 1 property lease). Leases have remaining terms of 1-3 years at 30 June 2013, with annual rent subject to CPI and/or market rate increases.

The company also has a lease regarding a piece of office equipment, which has a remaining lease term of 2.2 years at 30 June 2013.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	153,530	109,208
Between one year and five years	78,073	-
Total future minimum lease payments	<u>231,603</u>	<u>109,208</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

2013	2012
\$	\$

15 Commitments continued

(ii) Hire Purchase

In the prior financial year the company had one hire purchase lease relating to a motor vehicle. The lease term expired during the year ended 30 June 2013.

Commitments in relation to the hire purchase lease are payable as follows:

Within one year	-	33,721
Less: future finance charges	-	5,311
	-	28,410
<i>Representing hire purchase liabilities:</i>		
Current	-	28,410
Non-current	-	-
	-	28,410

16 Events Occurring After the Reporting Date

Subsequent to year end, the directors executed an agreement for the sale of the shares in the company to PS&C Limited.

On 22 August 2013, the company sold its 50% share in Allcom PNG Limited.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

17 Company Details

The registered office of the company is:

Michael Baker CPA
The Terraces 1 Iolanthe Street
CAMPBELLTOWN NSW 2000

The principal place of business is:

Allcom Networks Pty Ltd
Level 7 95-99 York Street
SYDNEY NSW 2000

Allcom Networks Pty Ltd

ABN: 34 076 491 917

Directors' Declaration

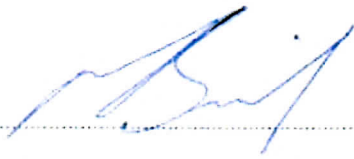
The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 16, present fairly the Company's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director



Michael Smith

Director



Andrew Leigh

Dated

30/10/2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLCOM NETWORKS PTY LTD

We have audited the accompanying financial report, being a special purpose financial report of Allcom Networks Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2013, the statement of 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 and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the Company and the needs of its members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We 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 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 judgment, 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*.

Nexia Melbourne

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Opinion

In our opinion the financial report of the company is in accordance with the Australian Accounting Standards, including:

- a. giving 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; and
- b. complying with Australian Accounting Standards to the extent described in Note 1.

Basis of Accounting

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

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

30 October 2013