Special purpose financial statements

Gruden Holdings Pty Ltd

(formerly Gruden Pty Ltd)

For the year ended 30 June 2015

Contents

The financial statements cover Gruden HoldingsPty Ltd as an individual entity.
The financial statements are presented in Australian dollars, which is Gruden Holdings Pty Ltd's functional and presentation currency.

Gruden Holdings Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 10	Level 10
220 George Street	220 George Street
Sydney NSW 2000	Sydney NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 7 October 2015. The directors have the power to amend and reissue the financial statements.

Directors' Report

The Directors present their Report on Gruden Holdings Pty Ltd (formerly Gruden Pty Ltd) ('Gruden' or 'Company') for the financial year ended 30 June 2015. The Company changed its name on 14 October 2014 from Gruden Pty Ltd to Gruden Holdings Pty Ltd.

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

- Mr Brent Nicholas Trimnell-Ritchard
- Mr Stephen David Trevillion (resigned 30 July 2014)
- Mr Todd Trevillion

Not all Directors have been in office since the start of the financial year to the date of this report.

Review of operation and financial results
A review of the operations of the Company during the financial year and the results of those operations found that the loss of the Company for the financial year after providing for income tax amounted to $956,294 (2014: loss of $138,509).

Significant changes in state of affairs
Effective 31st January 2015 the Company sold its operations to Gruden Pty Ltd and after a period of handover discontinued its operations prior to 30 June 2015.

Principal activities
The principal activities of the Company during the financial year until the sale of those operations were:

- Sale, customisation and integration of IT and telecommunication systems
- Sale, customisation and integration of mobile apps
- Sale, customisation, maintenance and integration of websites

There have been no significant changes in the nature of these activities during the year up to the sale as detailed above.

Events arising since 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.

Future development, prospects and business strategies
It is the intention of the Company that it proceed to voluntary liquidation.

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

Dividends paid or recommended
There were no dividends paid or declared since the start of the financial year.

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 reports.

Indemnities given and insurance premiums paid to auditors and officers
During the year, Gruden did not pay any premium to insure officers of the Company.

The Company has not otherwise, during or since the end of the financial year, expect to the extent permitted by law, indemnified or agreed to indemnity any current or former officer or auditor of the Company against a liability incurred as such by an officer or auditor.

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.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this Directors' Report.

Rounding of amounts

Gruden is a type of Company referred to in the Australian Securities and Investments Commission ('ASIC') Class Order 98/100 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

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

Todd Trevillion
Director
7th October 2015

UHY Haines Norton
Chartered Accountants

Level 11 | 1 York Street | Sydney | NSW | 2000
GPO Box 4137 | Sydney | NSW | 2001
t: +61 2 9256 6600 | f: +61 2 9256 6611
sydney@uhyhn.com.au
www.uhyhnsydney.com.au

GRUDEN HOLDINGS PTY LTD

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF GRUDEN HOLDINGS PTY LTD

As auditor for the audit of Gruden Holdings Pty Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of any applicable code of professional conduct in relation to the audit.

UHY Haines Norton

M. D. Nicholaeff
Partner

UHY Haines Norton
Chartered Accountants

Date: 7th October 2015

Sydney

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	2015	2014 $
Discontinued Operations			
Revenues	3	**2,072,541**	4,802,422
Other income	3	**81,136**	311,766
Revenue and other income		**2,153,677**	5,114,188
Changes in work in progress		**245,380**	22,334
Employee benefits expense		**1,224,941**	3,118,748
Depreciation and amortisation expenses		**48,669**	143,081
Other expenses	4	**911,988**	1,882,214
Finance costs		**22,526**	42,912
Impairment of related party receivables		**508,678**	-
Total expenses		**2,962,182**	5,209,289
(Loss) before income tax		**(808,505)**	(95,101)
Income tax expense / (benefit)	5	**147,789**	43,408
(Loss) for the year from discontinued operations		**(956,294)**	(138,509)
Other comprehensive income, net of tax		-	-
Total comprehensive (loss) for the year		**(956,294)**	(138,509)

Accompanying notes to the special purpose Financial Statements are included on pages 10 to 21.

Statement of Financial Position
As at 30 June 2015

	Note	2015	2014
Assets		**$**	**$**
Current assets			
Cash and cash equivalents	6	**305**	167,529
Trade and other receivables	7	**30,146**	617,997
Inventories	8	-	245,380
Tax receivable		**137,520**	284,497
Total current assets		**167,971**	1,315,403
Non-current assets			
Receivables	7	-	931,356
Plant and equipment	9	-	119,312
Intangible assets	10	-	11,393
Deferred tax assets	5	-	147,789
Total non-current assets		-	1,209,850
Total assets		**167,971**	2,525,253
Liabilities			
Current liabilities			
Trade and other payables	11	**1,025,251**	1,181,580
Provisions	12	-	390,666
Borrowings	13	**47,263**	255,510
Deferred income		-	22,056
Total current liabilities		**1,072,514**	1,849,812
Non-current liabilities			
Related party loans	11	-	580,851
Provisions	12	-	42,839
Total non-current liabilities		-	623,690
Total liabilities		**1,072,514**	2,473,502
Net (liabilities) / assets		**(904,543)**	51,751
Equity			
Capital and reserves			
Issued capital	14	**2,126**	2,126
Accumulated losses	15	**(906,669)**	49,625
Total equity		**(904,543)**	51,751

Accompanying notes to the special purpose Financial Statements are included on pages 10 to 21.

Statement of Changes in Equity
For the year ended 30 June 2015

	Note	Issued capital $	Accumulated losses $	Total $
Balance at 1 July 2013		2,126	188,134	190,260
Loss after income tax expense for the year		-	(138,509)	(138,509)
Other comprehensive loss for the year, net of tax		-	-	-
Total comprehensive loss for the year		**-**	**(138,509)**	**(138,509)**
Balance at 30 June 2014		**2,126**	**49,625**	**51,751**
Loss after income tax expense for the year		-	(956,294)	(956,294)
Other comprehensive loss for the year, net of tax		-	-	-
Total comprehensive loss for the year		**-**	**(956,294)**	**(956,294)**
Balance at 30 June 2015		**2,126**	**(906,669)**	**(904,543)**

Accompanying notes to the special purpose Financial Statements are included on pages 10 to 21.

Statement of Cash Flows
As at 30 June 2015

	Note	2015	2014 $
Cash flows from operating activities			
Receipts from customers		**2,454,306**	4,802,422
Payments to suppliers and employees		**(2,858,888)**	(4,427,045)
Interest received		-	5
Other revenue		**81,136**	311,761
Interests paid		**(22,526)**	(42,912)
Income tax paid		**(146,977)**	(43,408)
Net cash (used in) / provided by operating activities	6(b)	**(492,949)**	331,973
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles		**(1,647)**	(57,580)
Net cash from the sale of the business		**128,899**	-
Loans to related parties		**(140,396)**	-
Received repayments of loans to related parties		**203,772**	(49,944)
Net cash provided by / (used in) investing activities		**190,628**	(107,524)
Cash flows from financing activities			
(Repayment of)/proceeds from borrowings		**41,753**	(36,902)
(Repayment of)/ proceeds from related parties loans - directors loans		**93,344**	(26,613)
Net cash (used in) / provided by financing activities		**135,097**	(63,515)
Net change in cash and cash equivalents		**(167,224)**	160,934
Cash and cash equivalents at the beginning of the year	6(a)	**167,529**	6,595
Cash and cash equivalents at the end of the year		**305**	167,529

Accompanying notes to the special purpose Financial Statements are included on pages 10 to 21.

Notes to the Special Purpose Financial Statements

1. Summary of Significant Accounting Policies
The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
In the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Liquidation basis of accounting
As a result of the Company's decision to sell its business the liquidation basis of accounting has been adopted for the financial statements of the Company for the year ended 30 June 2015. Under the liquidation basis of accounting, assets are stated at their estimated net realisable value, and liabilities are stated at their estimated settlement amounts, and the relevant estimates will be periodically reviewed and adjusted as appropriate. Assets and liabilities included in the financial statements of the Company are stated on the following bases:

• Items of property, plant and equipment are reflected at net realisable values which are based on the expected net sales proceeds to be received from the sales of these assets,

• Intangibles are reflected at net realisable values which are based on the expected net sales proceeds to be received from the sales of these assets,

• Receivables are stated at their recoverable amounts, which are the estimated net cash proceeds to be received from the debtors,

• Cash and bank balances are presented at face value, and

• Trade payables, other payables, accruals and provisions are stated at estimated settlement amounts.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Foreign currency translation
Items included in the Comany's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Gruden Holdings Pty Ltd.'s functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

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

Sale of goods/licensing of software products
Revenue from sale of goods and/or, licensing of software products is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods or software products.

Rendering of services
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses incurred.
- Revenue from fixed-price and construction contracts is recognised by reference to the stage of completion of the contract activity at the balance date, determined as the proportion of contract costs incurred for work to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work and claims are included to the extent they have been agreed with the customer. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Interest
Interest revenue is recognised as interest accrues taken into account the interest rates applicable to the financial assets.

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Current and non-current classification

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are stated net of provisions for bad and doubtful debts. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

Inventories and work in progress

Work in progress is valued at cost, which includes outlays incurred on behalf of clients and an appropriate proportion of directly attributable costs and overheads on incomplete assignments. Provision is made for irrecoverable costs where appropriate. Inventory is stated at the lower of cost and net realisable value.

Property, plant and equipment

Property, plant and equipment are shown at cost less accumulated depreciation and any provision for impairment with the exception of freehold land which is not depreciated. The Company assesses the carrying value of its property, plant and equipment to determine if any impairment has occurred. Where this indicates that an asset may be impaired, the Company applies the requirements of AASB 136 Impairment of Assets in assessing the carrying amount of the asset. This process includes comparing its recoverable amount with its carrying value. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life, as follows:

Leasehold improvements	over the term of lease or life of the asset, if shorter
Furniture & Fixtures	5-15 years
Plant and equipment	5-15 years
Computer equipment	1-3 years
Software	1-3 years
Motor vehicles	over the term of lease or life of the asset, if shorter

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases

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

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

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

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

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

Intangible assets

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Company is able to use or sell the asset; the Company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of the discount on provisions

Provisions
Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Employee benefits
Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade and other payables in the balance sheet.

Other long-term employee benefit obligations
The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current provisions in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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

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

Issued capital
Ordinary shares are classified as equity.

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

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

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

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

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

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

Rounding of amounts
The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2015. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

Management is required to make key decisions and judgements in the process of applying the Company's accounting policies. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will, by definition, seldom equal the related actual results. The most significant areas where such judgements have been necessary are revenue recognition, taxation and accounting for employee benefits liabilities. Where judgements had been applied, the key factors taken into consideration are disclosed in the accounting policies and the appropriate note in these financial statements. There are no estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

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 innovations 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

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

	2015	2014
3. Revenue		**$**
Revenues	**2,072,541**	4,802,422
Other income		
Government grants & concessions	**11,703**	199,023
Interest	**-**	5
Other	**69,433**	112,738
	81,136	311,766
	2,153,677	5;114,188

4. Other Expenses

Contractors	**256,835**	754,079
Merchant and member network costs	**89,290**	267,942
Doubtful debt expense and receivables write offs	**-**	193,321
Other	**565,863**	666,873
	911,988	1,882,215

5. Income tax

(a) Income tax expense

Current tax	**-**	52,127
Deferred tax	**147,789**	(8,719)
	147,789	43,408

Numerical reconciliation of income tax expense to prima facie tax payable

(Loss) / profit for the period	**(808,505)**	(95,101)
Tax at the Australian tax rate of 30% (2014 – 30%)	**(242,551)**	(28,530)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Research and development tax concession	**-**	(53,538)
Research and development expenditure	**-**	118,974
Entertainment	**2,129**	3,099
Fines & penalties	**-**	1,020
Life insurance	**-**	5,987
Sundry items	**-**	(3,604)
	(240,423)	43,408
Deferred tax assets related to losses carried forward not recognised	**53,317**	-
Derecognition of deferred tax assets related to other timing differences	**334,895**	-
	147,789	43,408

(b) Deferred tax assets (net)	2015 $	2014 $
Fixed assets	-	35,222
Work in progress	-	(73,614)
Provisions	-	114,315
Accured expenses / charges	-	12,165
Lease liabilities	-	15,737
Superannuation payable	-	37,348
Deferred revenue	-	6,617
	-	147,789

(c) Recovery of deferred tax assets		
Deferred tax assets expected to be recovered within 12 months	-	99,716
Deferred tax assets expected to be recovered after more than 12 months	-	48,073
	-	147,789

6. Cash and cash equivalents

Cash at bank	**305**	167,529

(a) Reconciliation to cash flow statement
The above figures reconcile to amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Balances as above	**305**	167,529
Balances per statement of cash flows	**305**	167,529

(b) Reconciliation of loss for the year to net cash flows from operating activities:		
(Loss) / profit for the year	**(956,294)**	(138,509)
Depreciation and amortisation	**48,669**	143,081
Write off of intangibles	-	47,918
Write off of work in progress	**245,380**	-
Loss on disposals of property, plant and equipment	**47,283**	-
Impairment of related party receivables	**508,678**	-
Changes in operating assets and liabilities		
(Increase) / decrease in trade and other receivables	**(214,042)**	252,627
Decrease in inventories	-	22,334
Decrease / (increase) in tax receivable	**146,977**	(57,364)
Decrease / (increase) in deferred tax asset	**147,789**	(8,720)
(Decrease) / increase in trade and other payables	**(460,640)**	70,558
(Decrease) / increase in provisions	**(34,283)**	65,338
Increase / (decrease) in deferred income	**27,534**	(65,290)
Net cash outflows from operating activities	**(492,949)**	331,973

7. Trade and other receivables

Current		
Trade receivables	-	544,646
Other assets	-	7,351
Related party receivables	**538,824**	66,000
Impairment of related party receivables	**(508,678)**	-
	30,146	617,997

Trade receivables are non-interest bearing and generally repayable in 30 days.

Non-current		
Deposits	-	1,241
Related party receivables	-	930,115
	-	931,356

	2015 $	2014 $
8. Inventories		
Work in progress at cost	-	245,380
9. Plant and equipment		
Plant and equipment		
Cost	-	707,805
Accumulated depreciation	-	(588,493)
	-	119,312
Opening balance at 1 July	**119,312**	195,979
Additions	**1,114**	57,580
Depreciation	**(43,957)**	(134,247)
Disposals	**(76,468)**	-
Closing balance at 30 June	-	119,312
10. Intangible assets		
Software		
Cost	-	147,803
Accumulated depreciation	-	(136,410)
Net book amount	-	11,393
Opening balance at 1 July	**11,393**	68,145
Write-offs	-	(47,918)
Additions	**533**	-
Disposals	**(7,215)**	-
Amortisation charge	**(4,712)**	(8,834)
Closing balance at 30 June	-	11,393
11. Trade and other payables		
Current		
Trade payables	-	322,106
GST Payables	**39,335**	137,946
Accruals	-	56,615
Superannuation payable	**10,100**	124,493
Superannuation payable - directors	**301,621**	301,621
Related party loans - loans from directors	**674,195**	-
PAYG tax payable	-	232,468
Other payables	-	6,331
	1,025,251	1,181,580
Non-current		
Related party loans - loans from directors	-	580,851

Trade and other payables are non-interest bearing and normally settled in 30 days.
Loan from directors are unsecured and non-interest bearing.

	2015	2014
	$	$
12. Provisions		
Current		
Employee benefits provisions	-	338,210
Lease liability	-	52,456
	-	390,666
Non current		
Employee benefits provisions	-	42,839
	-	42,839

13. Borrowings

	2015	2014
Bank loans	**47,263**	185,290
Lease liabilities (finance leases)	-	70,220
Total secured borrowings	**47,263**	255,510

14. Issued Capital

	2015 shares	2014 shares	2015 $	2014 $
Ordinary shares (class A) - fully paid	**1,000**	1,000	**1,000**	1,000
Ordinary chares (class B) - fully paid	**126**	126	**126**	126
Ordinary shares (class C) - fully paid	**1,000**	1,000	**1,000**	1,000
	2,126	2,126	**2,126**	2,126

Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	2015	2014
	$	$
15. Accumulated losses		
Movements in accumlated losses were as follows:		
Balance 1 July	**49,625**	188,134
Net profit (loss) for the year	**(956,294)**	(138,509)
Balance 30 June	**(906,669)**	49,625

16. Franking debits

Franking debits deferred to subsequent reporting periods based on a tax rate of 30% (2014 - 30%)	**(148,980)**	**(148,980)**

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year. The R&D refundable tax offset generates a franking debit that is effectively deferred.

17. Commitments

The Company has no material commitments as at the date of this report (2014: nil).

18. Contingent Liabilities

The Company has no material contingent liabilities as at the date of this report (2014: nil).

19. Remuneration of auditors

Following fees are paid or payable for services provided by the auditors of the parent entity, its related practices and non-related audit firms:

UHY Haines Norton		
Audit and review of financial statements	**7,500**	-

20. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 that has significantly affected the Company's operations, results or state of affairs, or may do so in the future financial years.

21. Sale of Business

(i) Summary of sale

Sale year ended 30 June 2015

Effective 31st January 2015 the Company sold its business to Gruden Pty Ltd.

Fair values of the Sale consideration:	**$**
Total fair value of consideration by way of related party loan	151,125

The assets and liabilities de-recognised as a result of the sale are as follows:

	$
Cash	**11,497**
Trade receivables	**729,378**
Other assets	**11,574**
Deposits	**1,241**
Property, plant & equipment	**29,186**
Intangible Assets (Software)	**7,214**
Related party receivables	**326,800**
Trade creditors	**(160,966)**
Accruals	**(143,074)**
Deferred revenue	**(49,590)**
Employee benefits	**(346,398)**
Bank loan	**(250,000)**
Other liabilities	**(15,737)**
Net assets sold	**151,125**

There is no profit or loss on the sale of the business.

Sale-related costs

There were no sale related costs.

(ii) Sale consideration - cash flow

There was no cash inflow with respect to the sale (sold by way of intercompany loan)

Cash outflow	
Balance of cash disposed	11,497
Net outflow of cash - investing activities	11,497

Directors' Declaration

In the directors' opinion:

As described in the basis of preparation accounting policy included in note 1 to the financial statements, the Group is not a reporting entity and these are special purpose financial statements.

The directors of the Group declare that the financial statements and notes:

a. comply with the accounting policies as detailed in note 1 to the financial statements; and

b. give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.

In the directors opinion:

c. There are reasonable grounds to believe that the Group 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
Todd Trevillion

Dated the 7th October 2015

UHY Haines Norton
Chartered Accountants

Level 11 | 1 York Street | Sydney | NSW | 2000
GPO Box 4137 | Sydney | NSW | 2001
t: +61 2 9256 6600 | f: +61 2 9256 6611
sydney@uhyhn.com.au
www.uhyhnsydney.com.au

INDEPENDENT AUDITOR'S REPORT

To the members of Gruden Holdings Pty Ltd

We have audited the accompanying financial report of Gruden Holdings Pty Ltd (the 'Company'), being a special purpose financial report, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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.

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that presents fairly and have determined that the basis of preparation described in Note 1 to the financial report 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 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 conducted our audit in accordance with Australian Auditing Standards. These 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 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 Company's preparation and fair presentation of the financial report 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 director, 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 complied with the independence requirements of the Australian professional and ethical standards board.

Opinion

In our opinion, the financial report of Gruden Holdings Pty Ltd presents fairly, in all material respects, the entity's financial position as at 30 June 2015, and of its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial report.

Emphasis of matter

Without qualifying our opinion we draw attention to note 1 to the financial statements, which refers to the liquidation basis of accounting. The owners of the Company intend to liquidate and deregister the Company in the 12 months period following the signing of the financial report. Therefore, the financial statements have been prepared on a liquidation basis of accounting. Accordingly the Company is not considered to be a going concern.

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 is prepared to assist Gruden Holdings Pty Ltd to meet the requirements of the members. As a result, the financial report may not be suitable for any other purpose.

UHY Haines Norton

Mark Nicholaeff
Partner
Signed in Sydney on the 7th October 2015

UHY Haines Norton
Chartered Accountants