

**Decimal Group Pty Ltd - Consolidated**  
**ACN: 118 370 291**  
**Financial Statements**  
**For the Year ended 30 June 2011**

**Decimal Group Pty Ltd - Consolidated**

**Financial Statements  
for the Year Ended 30 June 2011**

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**Decimal Group Pty Ltd - Consolidated**  
**ACN: 118 370 291**  
**Balance Sheet**  
**As at 30 June 2011**

|                                            | 2011           | 2010           |
|--------------------------------------------|----------------|----------------|
|                                            | \$             | \$             |
| <b>Equity</b>                              |                |                |
| <b>Paid Up Capital</b>                     |                |                |
| Ordinary Class Shares                      | 3,966,552      | 2,764,628      |
| Accumulated Loss                           | (3,265,358)    | (2,132,479)    |
| <b>Total Share Capital and Reserves</b>    | <u>701,194</u> | <u>632,149</u> |
| <br><b>Current Assets</b>                  |                |                |
| Cash on Hand                               | 101            | 101            |
| Cash and cash equivalents                  | 40,307         | 96,320         |
| Trade Debtors                              | 5,924          | 62,483         |
| Loan - Richmond Management                 | 180,000        | -              |
| Loan - Jan Kolbusz                         | 50,000         | -              |
| R&D Tax Offset Receivable                  | 600,465        | 365,412        |
| Other Receivables                          | 26,629         | 15,302         |
|                                            | <u>903,426</u> | <u>539,618</u> |
| <br><b>Non-Current Assets</b>              |                |                |
| Computer & Office Equipment                | 143,915        | 120,650        |
| Less Accumulated Depreciation & Impairment | 110,619        | 103,013        |
|                                            | <u>33,296</u>  | <u>17,637</u>  |
| <br>Furniture & Fittings                   | 8,276          | 6,071          |
| Less Accumulated Depreciation & Impairment | 3,896          | 4,006          |
|                                            | <u>4,380</u>   | <u>2,065</u>   |
|                                            | <u>37,676</u>  | <u>19,702</u>  |

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached.*

**Decimal Group Pty Ltd - Consolidated**  
**ACN: 118 370 291**  
**Balance Sheet**  
**As at 30 June 2011**

|                                | 2011                    | 2010                  |
|--------------------------------|-------------------------|-----------------------|
|                                | \$                      | \$                    |
| Intellectual Property          | 130,201                 | 130,201               |
| Patents & Trademarks           | <u>9,357</u>            | <u>9,357</u>          |
|                                | 139,558                 | 139,558               |
| <b>Total Assets</b>            | <u><u>1,080,660</u></u> | <u><u>698,878</u></u> |
| <b>Current Liabilities</b>     |                         |                       |
| American Express Credit Card   | -                       | 3,568                 |
| Trade Creditors                | 170,476                 | 28,708                |
| Other Payables                 | <u>104,124</u>          | <u>34,452</u>         |
|                                | 274,600                 | 66,728                |
| <b>Non-Current Liabilities</b> |                         |                       |
| Loan - Jan Kolbusz             | <u>104,866</u>          | <u>1</u>              |
|                                | 104,866                 | 1                     |
| <b>Total Liabilities</b>       | <u><u>379,466</u></u>   | <u><u>66,729</u></u>  |
| <b>Net Assets</b>              | <u><u>701,194</u></u>   | <u><u>632,149</u></u> |

*The accompanying notes form part of these financial statements.  
These financial statements should be read in conjunction with the attached.*

**Decimal Group Pty Ltd - Consolidated**  
**ACN: 118 370 291**  
**Statement of Profit and Loss and Other Comprehensive Income**  
**For the Year ended 30 June 2011**

|                                                                   | 2011<br>\$         | 2010<br>\$         |
|-------------------------------------------------------------------|--------------------|--------------------|
| <b>Income</b>                                                     |                    |                    |
| Licence Fees                                                      | 108,108            | 215,593            |
| Miscellaneous Income                                              | 5,184              | -                  |
| Interest Received                                                 | 11,459             | 5,248              |
|                                                                   | <u>124,751</u>     | <u>220,841</u>     |
| <b>Expenditure</b>                                                |                    |                    |
| Accountancy and Bookkeeping Fees                                  | 30,773             | 25,564             |
| Advertising                                                       | -                  | 9,113              |
| Annual Leave Expense                                              | 37,561             | 14,173             |
| Bank Charges                                                      | 1,273              | 333                |
| Corporate Services                                                | -                  | 531                |
| Consultancy Fees                                                  | 845,564            | 687,370            |
| Depreciation                                                      | 7,496              | 19,830             |
| Employees' Amenities                                              | -                  | 2,463              |
| Entertainment Expenses                                            | 5,500              | 567                |
| Filing Fees                                                       | 218                | 636                |
| Insurance                                                         | 4,065              | 3,527              |
| Interest Paid                                                     | 4,865              | 1,235              |
| Legal Costs                                                       | 12,479             | 26,482             |
| Late Fees                                                         | -                  | 10                 |
| Printing & Stationery                                             | 5,742              | 2,455              |
| Professional Fees                                                 | -                  | 14,000             |
| Recruitment Costs                                                 | 81,418             | -                  |
| Rent                                                              | 38,708             | 42,227             |
| Repairs & Maintenance                                             | 4,028              | 241                |
| Salaries                                                          | 623,021            | 290,913            |
| Software Licences                                                 | 33,621             | -                  |
| Staff Training & Welfare                                          | -                  | 3,149              |
| Subscriptions                                                     | 1,510              | 6,850              |
| Sundry Expenses                                                   | 749                | 9,082              |
| Superannuation Contributions                                      | 55,344             | 18,532             |
| Telephone                                                         | 26,824             | 21,539             |
| Travelling Expenses                                               | 37,336             | 27,527             |
|                                                                   | <u>1,858,095</u>   | <u>1,228,349</u>   |
| <b>Loss before Income Tax</b>                                     | <u>(1,733,344)</u> | <u>(1,007,488)</u> |
| Income Tax Benefit                                                | 600,465            | 365,412            |
| <b>Loss after Income Tax and Total Other Comprehensive Income</b> | <u>(1,132,879)</u> | <u>(642,096)</u>   |

*The accompanying notes form part of these financial statements.  
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**Decimal Group Pty Ltd - Consolidated**  
**ACN: 118 370 291**  
**Notes to the Financial Statements**  
**For the Year ended 30 June 2011**

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**Summary of Significant Accounting Policies**

**Basis of Preparation**

The director has 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. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the director has 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. The accounting policies that have been adopted in the preparation of the statements are as follows:

**Basis of consolidation**

The consolidated accounts comprise the accounts of Decimal Group Pty Ltd and all of its controlled entities, the "Group".

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Non-controlling interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

In the parent entity the investments in the subsidiaries are carried at cost, less impairment.

**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 and presented within current liabilities on the balance sheet.

*These notes should be read in conjunction with the attached Compilation Report.*

**Decimal Group Pty Ltd - Consolidated**  
**ACN: 118 370 291**  
**Notes to the Financial Statements**  
**For the Year ended 30 June 2011**

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**Trade and Other Receivables**

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at the cost less provision for impairment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in income statement.

**Property, Plant and Equipment**

Property, plant and equipment are carried at cost. All assets are depreciated over their useful lives to the group.

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 not been discounted in determining recoverable amounts.

*Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the group commencing from the time the asset held ready for use.

The depreciation rates used for each class of depreciable assets are:

| <i>Class of Fixed Asset</i> | <i>Depreciation Rate</i> |
|-----------------------------|--------------------------|
| Computer & office equipment | 37.50%                   |
| Furniture & fittings        | 20.00%                   |

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each 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 recognised immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**Trade and Other Payables**

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the company that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

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**Decimal Group Pty Ltd - Consolidated**  
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**Notes to the Financial Statements**  
**For the Year ended 30 June 2011**

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**Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from license fees are recognised as invoiced.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

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

**Income in advance**

Income that is received in advance for services expected to be provided after reporting date have been deferred and will be brought to account and recognised in the accounting period in which the respective services are provided.

**Income Taxes**

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 the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets 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 outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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 the end of the reporting period. 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.

*These notes should be read in conjunction with the attached Compilation Report.*

**Decimal Group Pty Ltd - Consolidated**  
**ACN: 118 370 291**  
**Notes to the Financial Statements**  
**For the Year ended 30 June 2011**

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**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either sell or purchase the asset (ie, trade date counting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

*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.

*Financial liabilities*

Non- derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**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 have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

**Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a comprehensive loss after tax for the year ended 30 June 2011 of \$1,132,879 (2010: \$642,096).

The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing commitments and for working capital.

The Directors believe that the Company will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the Company be unsuccessful in undertaking additional raisings or realising assets, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

*These notes should be read in conjunction with the attached Compilation Report.*

**Decimal Group Pty Ltd - Consolidated**  
**ACN: 118 370 291**  
**Directors' Declaration**  
**for the Year Ended 30 June 2011**

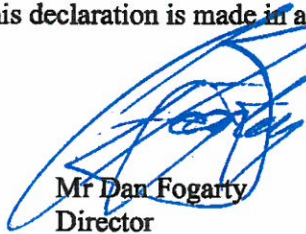
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The director has determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The director of the company declares that:

1. the financial statements and notes, as set out in the financial statements, present fairly the company's financial position as at 30 June 2011 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 director's 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 by the Directors.



Mr Dan Fogarty  
Director

Dated this 6<sup>th</sup> day of January 2013

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Decimal Group Pty Ltd

### **Report on the Financial Report**

We have audited the accompanying financial report, being a special purpose financial report of Decimal Group Pty Ltd, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of profit or loss and other comprehensive income, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### **Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in notes is appropriate to meet the requirements of 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 and fair presentation 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 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 Australian professional accounting bodies.



#### **Basis for Qualified Opinion**

The financial report of Decimal Group Pty Ltd for 30 June 2010 was unaudited. As at the date of our report the financial information was unavailable to us and accordingly we were unable to obtain sufficient appropriate audit evidence regarding the comparative financial information. Given this limitation of scope, we do not express an opinion to this effect.

#### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report presents fairly, in all material respects, the financial position of Decimal Group Pty Ltd and its subsidiaries (the consolidated entity) as at 30 June 2011, and its financial performance the year then ended in accordance with Australian Accounting Standards to the extent described in Notes.

#### **Emphasis of matter**

Without modifying our opinion further, we draw attention to the Notes in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. These conditions, along with other matters as set out in the Notes, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity 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 the Notes to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the requirements of the needs of the members. As a result, the financial report may not be suitable for another purpose.

**BDO Audit (WA) Pty Ltd**

BDO

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

**Phillip Murdoch**

**Director**

Perth, 6 December 2013