KOLLAKORN CORPORATION LIMITED

ABN 41 003 218 862

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Contents

Kollakorn Corporation Limited
ACN 003 218 863
65 York Street, Level 9
Sydney NSW 2000
Australia
www.kollakorn.com

LETTER FROM THE CHAIRMAN FOR THE YEAR ENDED 30 JUNE 2016

On behalf of the directors of Kollakorn Corporation Limited "(Kollakorn)"I am pleased to advise you of your company's activities for the year ending 30 June 2016 as set out in detail in this report and in the CEO's review.

This year has seen the stepping down of Mr Richard Sealy as CEO. As advised to members last year your board was actively seeking a replacement for Mr Richard Sealy as he had indicated he needed to step down due to health issues. We are pleased that we have been able to secure the services of Mr David Matthews as CEO of Kollakorn.

As you are now aware Mr Matthews has had a distinguished career with many large blue chip companies. He brings a wealth of experience, knowledge and enthusiasm to his role.

The board welcomes Mr Matthews on board and encourages you to come to the AGM to meet him and say hello.

Mr Sealy continues to serve our company assisting Mr Matthews in Asia. The board is truly grateful for Mr Sealy's continued support and guidance.

We have continued to reduce costs whilst maintaining business of the company. We anticipate this will continue into the coming year.

Our investment in Kollakorn Thailand has proven beneficial with that company winning and executing a profitable contract in Asia and the likelihood of further such contract wins in the near future.

Your directors continue to consider various options for the continual growth of the company and the products and services it has to offer.

I would also like to thank my board for all of the hard work this year in making Kollakorn a success.

We believe we are well placed to continue to serve you well and to continue to develop shareholder value.

I thank you for your support.

KOLLAKORN CORPORATION LIMITED

RTayeh

Mr Riad Tayeh
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

Revenues down 19% to $220,065 (*2015: $*272,204)
Net loss up 1% to $651,306 (*2015: $*644,708)
NTA per share down 5% to 0.23 of a cent (*2015: 0.24 of a cent*)

Financial Results

Operating revenue this financial year was again, predominantly from royalties which decreased by 19% from $272,204 (2015) to $220,065.

Expenses continued to contract which excluding the share of losses from Kollakorn Co., Ltd (Kollakorn Thailand) which was down 29% from $1,276,834 (2015) to $901,308.

Net loss from ordinary activities (excluding gain on extinguishment of debts) was down 53% to $651,306, however the net loss attributable to shareholders for the year increased 1% from a loss of $644,708 (2015) to a loss this year of $651,306. The accrued convertible note interest totalling $279,276 previously expensed has now been transferred with $214,834 moving to issued share capital and a new options reserve. The remaining balance is subject to approval at the AGM and is currently shown in sundry creditors. The directors will continue to focus on enhancing the balance sheet for the Company.

As approved by shareholders at the 2015 AGM, Mr Richard Sealy agreed to covert $200,000 of the $577,166 debt owed to him by the Company into 28,571,428 shares (0.7 of a cent) and the balance of $377,166 would remain as a creditor of the Company.

Mr Sevag Chalabian agreed that on his retirement as Chairman he would, as approved at the 2015 AGM, convert $84,392 of the $168,784 debt owed to him by the Company into 12,056,000 shares (0.7 of a cent) and the balance of $84,392 would remain as a creditor of the Company until 31 March 2016. In April 2016, Mr Sevag Chalabian was issued 16,878,400 shares at $0.005 per share in full satisfaction of the balance outstanding to him.

The carrying value of our equity accounted investment in Kollakorn Thailand was reduced by a write down in the balance of the EVR concession relating to the pilot program which was discontinued by the Association of Department of Land Transport. As a result the Thailand auditors have reduced the carrying value to Nil. The net effect of the write down was to reduce the equity accounted return as shown in the accounts to $40,017 when compared to 2015, a loss of $365,619.

Operations

Throughout the year the Board continued to develop opportunities throughout South East Asia and elsewhere. Royalties and Sales ensured that the Company was able to function throughout the year without calling on shareholders for funding. Kollakorn Thailand delivered on the Thailand APPS equipment project and we anticipate one more of these opportunities will occur over the next few months.

The Malaysian Project continues with significant progress with relevant Government Authorities. We have begun to assemble the equipment required for the project most of which is either currently in Thailand or will be shortly. The Directors remain confident that this project will proceed in the first half of 2017.

We have also been advised by our Malaysian partners that representatives from Thailand have contacted them with respect to collaboration of RFID at the Malaysian/ Thailand border. This is welcome news as the Thailand Government has not been focused on the Southern States Border Project recently, rather spending significant time on the formulation of the new Thailand Constitution. The moves by Malaysia to implement the RFID solution at the Thai/Malaysian border crossing will undoubtedly give impetus to the Thailand Government.

The Cambodian licence project through Kollakorn Thailand is awaiting confirmation by the Cambodian Government. We are awaiting confirmation from the Government on the issue price of licences. This should be resolved over the coming months.

As the new CEO based in Australia I commenced exploring further RFID opportunities in the Australian market, particularly in the Primary Industry Sector (product identification and food security) and Asset Management. As a result we have begun some small pilots and we anticipate expanding these in 2017.

Certain ID remains an exciting project for the Company and I have made as one of my key focuses continuing to develop strategies throughout the year for its commercialisation. With CSIRO support, our objective will be to identify an appropriate partner to help develop the prototype of the technology to enable industry based application.

Management is also working on other opportunities that can bring about significant change to the profile of the Company and we hope to bring details of this to shareholders later in the year as it develops.

Management

Mr Richard Sealy, after nearly 5 years of service, retired on 31 March 2015 due to ill health. Mr Sealy has agreed to continue in the role of COO and has been of enormous assistance to me in the short time I have been CEO. His knowledge and understanding of the industry has enabled me to come up to speed in a short period of time. I would personally like to thank him for this valuable time and his commitment to the company.

David Matthews
Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2016

Kollakorn Corporation Limited (the "Company" or "KKL") is committed to operating effectively and in the best interests of shareholders. The Company had in place appropriate corporate governance policies and practices for the financial year ended 30 June 2016 and has adopted a Corporate Governance Statement which reports against the ASX Corporate Governance Council's Principles and Recommendations and this can be accessed at: www.kollakorn.com

DIRECTORS' REPORT

The Directors of Kollakorn Corporation Limited submit herewith the annual financial report of the company for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

1.1 Information about the Directors and Senior Management

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Mr Riad Tayeh B. Econ., CA – Non-executive Chairman

Mr Tayeh was appointed as a non-executive Director on 23 March 2009. He was later appointed as non-executive Chairman on 5 February 2015. Riad began his career at Coopers & Lybrand, moving to Ferrier Hodgson Sydney, and then Ferrier Hodgson Hong Kong. For ten years he specialised in corporate restructure, financial investigation, and turnaround strategy. In the Hong Kong market Riad restructured listed companies, undertook fraud investigations, and provided litigation support. Riad is a Fellow of the Institute of Chartered Accountants.

Riad has assisted various companies in restructuring, equity raisings, building and acquiring businesses, and exit strategies. He joined Antony de Vries in partnership in February 2002, bringing considerable commercial acumen in the formation of de Vries Tayeh.

Riad also undertakes a number of appointments for not for profit organisations. He has been president and chairman of the Turnaround Management Association of Australia, and continues on various committees including various charity committees.

Mr Namchoke Somapa (MBA, B.Tourism & Hotel) – Non-executive Director

Mr Namchoke Somapa was appointed a non-executive Director on 3 June 2011. Mr Namchoke Somapa is the founder and CEO of Somapa Information Technology Public Company Limited and the CEO of Kollakorn Co., Ltd, Kollakorn's partner in the Thailand EVR/AVI rollout. Somapa Information Technology PCL owns 51.76% of Kollakorn Thailand. Namchoke's background in marketing and software development enables him to understand both the business and technical aspects of Kollakorn's EVR business in Thailand.

Namchoke's vast network of contacts, both in Thailand and internationally, reach as far as the United States, Africa, the Pacific Islands and back to Asia.

Somapa Information Technology PCL, which was founded in 1992, is based in Bangkok, Thailand and provides information technology consulting, planning, designing and training services. The products of the company include Border Control Systems; Intelligent Transport System; e-Library which is an automated library system; and Remote Monitoring Systems. The company also provides application development, call centre services, document imaging services, data entry and research survey services.

Namchoke was awarded the Phra Kinnaree Award in Thailand. This is an Award given to people of good morality and ethics who have had an impact on the community at large and society, in a sustainable manner. These people are good role models and influential forces for Thailand and their actions must have contributed significantly to the development of Thailand and the national unity.

Former directorships of listed companies in the last 3 years: None.

Mr Nicholas John Aston B.Bus CA – Non-Executive Director

Mr Aston was appointed a non-executive Director on 15 July 2013 and is a member of the Audit Committee. Nick is a Chartered Accountant and a founding Director of Brentnalls NSW Pty Ltd a Chartered Accountancy firm based in Sydney.

He has over 25 years tax and business services experience across a broad range of clients. Nick was a founding Director and Member of the Self Managed Superannuation Professionals' Association of Australia, and is the current chair of their Audit and Risk Committee.

Nick's other roles have also included Chair of the Brentnalls National Accounting Affiliation together with directorships and company secretarial roles for several successful Australian Companies and Industry Associations.

Mr Charles Hunting B.Info Tech - Non-executive Director

Mr Charles Hunting was appointed a non-executive Director on 10 February 2015. Mr Hunting has more than 20 years of management, executive and director experience across the Asia Pacific region. He has previously filled the role of Managing Director or Chief Executive Officer for the regional business of a number of listed global multinationals and most recently has and founded a number of exciting ventures in the region. Charles is an advisor to companies in the achievement of transformational change and creating companies to take advantage of technology and innovation.

Mr Hunting also currently serves as the Executive Chairman or Chairman in these ventures including Infitecs, Lan Tian and Tailors Mark.

Former directorships of listed companies in the last 3 years: None.

Mr Richard Malcolm Sealy (CA, FAICD, GAICD, GIOD (Thailand)) – Chief Operating Officer, (Formerly Chief Executive Officer & Director)

Mr Richard Sealy was appointed to the board on the 29 November 2010 as a non-executive director. He was subsequently appointed Managing Director of Kollakorn on 9 December 2010 and Chief Executive Officer on 31 March 2015. Mr Richard Sealy resigned as a director and CEO of the company from 31 March 2016 and accepted the position of Chief Operating Officer from 1 June 2016. As a Chief Operating Officer, Richard has responsibility for the administrative and technical requirements of the Company's business.

Mr Richard Sealy has held numerous private and public company directorships in New Zealand, Australia and the United Kingdom over the last 30 years. He has also successfully managed as CEO, a number of financial, manufacturing, real estate and mining companies both private and public.

A chartered accountant and a Fellow and Graduate of the Australian Institute of Company Directors and the Thailand Institute of Directors, Richard, is skilled at resolving difficult corporate situations such as companies that are starting-up, restructuring or in financial difficulties; and then growing these companies within a structure of appropriate management, corporate governance and finance.

Richard has considerable experience in South East Asia and has developed businesses in China and Thailand. He is now located in Thailand working on the Company's Thai EVR business and is also an executive director of Kollakorn's Thailand associate.

Former directorships of listed companies in the last 3 years: None.

Mr David Matthews (B.Bus) – Chief Executive Officer

Mr David Matthews was appointed to the board as Chief Executive Officer on 1 June 2016. David has over 20 years' experience across leadership roles in Business Process Outsourcing (BPO), delivery, business consulting and shared services across Asia Pacific. During that time David lived for many years in Asia, firstly in China and then in Singapore and understands the Asian culture well.

David was previously 3 years with IBM Australia Ltd and held the position of General Manager, Global Process Services for Australia and New Zealand. Prior to joining IBM, David was with Accenture for 14 years. While at Accenture, David led Accenture's BPO business in South East Asia and Korea and had functional accountability across Accenture's Communications and High Tech Industry Portfolio in Asia Pacific.

During his career, David has overseen some of the most complex BPO and Shared Services implementations and has deep experience in solution planning, implementation and delivery of complex Shared Services and Outsourced Operations with global clients and across multiple geographies. David has also held management roles in the Mining, Chemicals and FMCG industries, and has significant industry HR strategic, tactical and operational experience.

Former directorships of listed companies in the last 3 years: None

The above named executives and senior management held office during the whole of the financial year and since the end of the financial year except for:

- Mr Richard Sealy – resigned 31 March 2016, re-appointed 1 June 2016
- Mr David Matthews – appointed 1 June 2016

1.2 Company Secretary

Mr Tom Bloomfield BA (hons), ACIS, MAICD

Mr Bloomfield was appointed on 8 July 2011. Mr Bloomfield is an experienced Chartered Company Secretary and Member of the Australian Institute of Company Directors. He has acted as a Company Secretary and Assistant Company Secretary to various ASX listed clients in Australia. Tom is the General Manager of Corporate Secretarial services at Boardroom Limited, Australia.

1.3 Principal activities

The principal activities of the consolidated entity during the financial year consisted of the development, marketing and commercialisation of security oriented identification, authentication and information storage technologies.

1.4 Review of operations

Total revenue from ordinary activities for the year ending 30 June 2016 decreased by 19% to $220,065. The net loss increased by 1% to $651,306 from $644,708 in 2015. This is further detailed in the Chief Executive Officer's report.

Throughout the year we continued to develop opportunities throughout South East Asia and elsewhere.

- In Thailand the Directors continued to pursue opportunities for border crossings, however this is currently not a priority for the Thai Government at this time.
- The progress on the Malaysian Joint venture continues with significant progress with relevant Government Departments. The equipment required to fulfil this opportunity is either currently in Thailand or will be shortly. The Company remains confident that this project will proceed in the first half of 2017.
- We have also been advised by our Malaysian partners that representatives from Thailand have contacted them with respect to collaboration of RFID at the Malaysian/ Thailand border. Any move by Malaysia to implement the RFID solution will undoubtedly give impetus to the Thailand opportunity.
- The Cambodian licence project through Kollakorn Thailand is awaiting confirmation by the Cambodian Government. There are concerns within the Government that the issue price of licences under the new regime may be prohibitive for many Cambodians. This question should be resolved over the coming months.
- We have continued to explore opportunities in the Australian market, particularly in the Primary Industry Sector (product identification and food security) and Asset Management. Small pilots have begun and we anticipate these expanding into 2017.
- Certain ID remains an exciting project for us and we continued to develop strategies throughout the year for its commercialisation. Our objective is to identify an appropriate partner to help develop the prototype of the technology to enable industry based application.

Kollakorn Thailand delivered on the Thailand APP equipment project and we anticipate one more of these opportunities will occur over the next few months.

Throughout the year the Company continued its focus on managing the business to meet operational costs without a call on shareholders.

1.5 Financial Position

Operating revenue this financial year was again, predominantly from royalties which decreased by 19% from $272,204 (2015) to $220,065.

Expenses continued to contract which excluding the share of losses from Kollakorn Co., Ltd (Kollakorn Thailand) was down 29% from $1,276,834 (2015) to $901,308.

Net loss from ordinary activities excluding gain on extinguishment of debts was down 53% to $651,306, however the net loss attributable to shareholders for the year increased 1% from a loss of $644,708 (2015) to a loss this year of $651,306. This was primarily due to the rollover of existing convertible notes. The directors will continue to focus on enhancing the balance sheet for the Company.

In 2015 the Company reported that Mr R M Sealy agreed that on his retirement as Manager Director on 31 March 2015 that he would, subject to shareholders approval at the forthcoming AGM, covert $200,000 of the $577,166 debt owed to him by the Company into 28,571,428 shares (0.7 of a cent) and the balance of $377,166 would remain as a creditor of the Company until 31 March 2016.; and

Mr Sevag Chalabian agreed that on this retirement as Chairman on 6 February 2015 he would, subject to shareholders approval at the forthcoming AGM, convert $84,392 of the $168,784 debt owed to him by the Company into 12,056,000 shares (0.7 of a cent) and the balance of $84,392 would remain as a creditor of the Company until 31 March 2016.

In April 2016, Mr Sevag Chalabian was issued 16,878,400 shares at $0.005 per share in full satisfaction of the balance outstanding to him.

The above shares have now been issued. Interest on the outstanding balance shall continue to accrue at the rate of 7% per annum at monthly rests until paid. Mr Sealy, as such remains a creditor of the Company.

The carrying value of our equity accounted investment in Kollakorn Thailand was also reduced in the second half of the 2016 financial year by a write down in the balance of the EVR concession relating to the pilot program which was discontinued by the Association of Department of Land Transport. As a result the Thailand auditors have reduced the carrying value to Nil. This was however offset by the share of equity accounted income from the Thailand Airport project as previously advised.

1.6 Subsequent events

No events have occurred subsequent to the end of the financial reporting period, which requires adjustment in these financial statements.

1.7 Future developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

1.8 Dividends

No dividends were paid during the year. The directors do not recommend the payment of a dividend.

1.9 Environmental Regulation

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

1.10 Share options

1.10.1 Share Options Granted to Directors and Executives

During and since the end of the financial year ended 30 June 2016, there were no share options granted to directors and executives of the company (2015: 22,000,000).

1.10.2 Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option $	Expiry date of options
Kollakorn Corporation Limited	5,000,000	Ordinary	0.075	5 December 2016
Kollakorn Corporation Limited	54,000,000	Ordinary	0.0075	31 August 2018
Kollakorn Corporation Limited	12,000,000	Ordinary	0.0125	31 August 2018
	71,000,000			

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

No shares or interests were issued during or since the end of the financial year as a result of the exercise of an option.

1.11 Indemnification of Officers and Auditors Incurred as such an Officer or Auditor.

Since the end of the financial year the company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

1.12 Directors' Meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, 9 board meetings and 2 audit committee meetings were held.

	Board of directors		Audit committee	
Directors	Held	Attended	Held	Attended
R Tayeh	9	9	-	-
D Matthews	1	1		
R Sealy	7	7	2	2
N Somapa	9	1	-	-
N Aston	9	8	2	2
C Hunting	9	9	-	-

1.13 Directors' shareholdings

The following table sets out each director's relevant interest (held by the individual and/or representing entity) in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares	Share options
N Somapa	91,940,868	-
R Tayeh	4,613,740	-
N J Aston	12,310,000	-
C Hunting	-	-

1.14 Remuneration Report

1.14.1 Director and Executive Details

The following persons acted as Directors of the Company during or since the end of the financial year:

- R Tayeh (Non-Executive Chairman)
- N Somapa (Non-Executive Director)
- N J Aston (Non-Executive Director)
- C Hunting (Non-Executive Director)
- R M Sealy (Chief Operating Officer, Former Director and Chief Executive Officer) (resigned as director and Chief Executive Officer from 31 March 2016, appointed as Chief Operating Officer 1 June 2016)
- D Matthews (Chief Executive Officer) (appointed 1 June 2016)

The Group executives of Kollakorn Corporation Limited were:

- D Matthews (Chief Executive Officer)
- R Sealy (Chief Operating Officer)

1.14.2 Remuneration Policy

The Board formed a separate Remuneration Committee in July 2009. The committee was convened during the year only as required to review specific agreements relating to key executives and management during the year. The Directors' retain responsibility for determining and reviewing compensation arrangements for the directors, the Managing Director, and the senior management team. The Directors' assess the appropriateness of the nature and amount of remuneration of Directors and senior management on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

(a) Non-executive Directors

The Board seeks to set aggregate remuneration at a level which provides the consolidated entity with the ability to attract and retain directors of the highest calibre, while incurring a cost which is acceptable to shareholders. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive Directors' fees are within the maximum aggregate limit of $300,000 per annum as agreed to by shareholders at the Annual General Meeting held on 27 November 2009.

Non-executive directors do not receive performance based bonuses, however given the relatively low director's fees paid in cash the board believes that the issue of share options to non-executive directors on occasion more accurately reflects the time and responsibilities of office.

As at the date of this report the non-executive chairman receives $55,000 per annum, and other non-executive directors receive $40,000 per annum.

(b) Executive directors and senior management

The consolidated entity aims to reward executives with a level and mix of remuneration commensurate with their positions and responsibilities and so as to:

- Reward executives for consolidated entity and executive performance;
- Align the interests of executives with those of shareholders;
- Link rewards with the strategic goals and performance of the consolidated entity; and
- Ensure total remuneration is competitive by market standards.

Remuneration consists of the following key elements:

- Fixed remuneration; and
- Performance based remuneration.

The proportion of fixed remuneration and performance-based remuneration is established by contract and provides for annual review by the Board of Directors.

The level of fixed remuneration, which includes base salary and statutory superannuation, is set so as to provide a base level of remuneration which is both appropriate to the position and competitive in the market. Fixed remuneration is reviewed in accordance with contract terms by the Board of Directors. The process consists of a review of companywide and individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

(c) Relationship Between Remuneration Policy and Company Performance

The emphasis of the company's performance based remuneration strategy is to align the goals of management with those of shareholders whilst taking into account the company's current financial circumstances. It is the view of the Board that the most effective way to align management and shareholder goals is through the provision of share option incentives that correlate contingent remuneration to increases in shareholder value. The extent and conditions regarding these incentives are determined by the board on an annual basis with regard to the company's strategic and financial goals, and market benchmarks.

In considering the consolidated entity's performance and benefits for shareholder wealth, the Board has regard to a number of indices, including the following.

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
	$	$	$	$	$
Revenue	220,098	280,924	198,874	618,705	561,096
Net loss before tax	(651,306)	(644,708)	(1,615,241)	(1,325,334)	(2,984,367)
Net loss after tax	(651,306)	(644,708)	(1,615,241)	(1,325,334)	(2,907,593)

	30 June 2016	30 June 2015	30 June 2014	30 June 2013	30 June 2012
	$	$	$	$	$
Share price at start of year	0.6 cents	0.3 cents	0.6 cents	1.6 cents	2.2 cents
Share price at end of year	0.8 cents	0.6 cents	0.3 cents	0.6 cents	1.6 cents
Interim dividend	-	-	-	-	-
Final dividend	-	-	-	-	-
Basic earnings per share	(0.07) cents	(0.07) cents	(0.19) cents	(0.16) cents	(0.49) cents
Diluted earnings per share	(0.07) cents	(0.07) cents	(0.19) cents	(0.16) cents	(0.49) cents

(d) Director and Executive Remuneration

2016	Short-term employee benefits			Post-employment benefits	Other employee benefits	Termination benefits	Share-based payment			Total
							Equity-settled			
	Salary & fees	Bonus	Non-monetary	Super-annuation			Shares & units (i)	Options & rights	Cash-settled	
	$	$	$	$	$	$	$	$	$	$
Non-executive directors										
N Aston	40,000	-	-	-	-	-	-	-	-	40,000
N Somapa	40,000	-	-	-	-	-	-	-	-	40,000
R Tayeh	55,000	-	-	-	-	-	-	-	-	55,000
C Hunting	40,000	-	-	-	-	-	-	-	-	40,000
Executive officers										
David Matthews	20,833	-	-	-	-	-	-	-	-	20,833
R M Sealy	60,000	-	-	-	-	-	-	-	-	60,000
TOTAL	**255,833**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**255,833**

2015	Short-term employee benefits			Post-employment benefits	Other employee benefits	Termination benefits	Share-based payment			Total
							Equity-settled			
	Salary & fees	Bonus	Non-monetary	Super-annuation			Shares & units	Options & rights	Cash-settled	
	$	$	$	$	$	$	$	$	$	$
Non-executive directors										
N Aston	40,000	-	-	-	-	-	-	-	-	40,000
S Chalabian	35,000	-	-	-	-	-	-	-	-	35,000
N Somapa	40,000	-	-	-	-	-	-	-	-	40,000
R Tayeh	48,333	-	-	-	-	-	-	-	-	48,333
C Hunting	16,667									16,667
Executive officers										
R M Sealy	260,250	-	-	-	-	-	-	-	-	260,250
	440,250	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**440,250**

(e) Key terms of employment contracts

The Chairman and other non-executive directors are paid director's fees and, in the case of those who are Australian based, compulsory superannuation fund contributions are made on their behalf.

Mr R M Sealy was appointed to provide services as Chief Operating Officer from 1 June 2016 and is paid a consulting fee of $5,000 a month.

Mr D Matthews was appointed as the Chief Executive Officer of the Company from 1 June 2016 and the Contract contained the following key terms:

Employee Benefits: Reimbursement of all reasonable expenses incurred in providing the Executive

Services.

Notice Period: One month by D Matthews otherwise on the expiry date of the Term without the

need for either party to give notice or make any payment in lieu of notice.

Remuneration Package: $250,000 per annum

Nicholas Aston was hired as an external consultant to take the position of Chief Financial Officer from 1 January 2012.

(f) The Company has in place an Employee Share Option Plan, under which employees may be granted share options from time to time at the sole discretion of the Board. A Salary Sacrifice Share Plan was also instituted during the year ended 30 June 2009. Key Management Personnel Equity:

Fully paid ordinary shares of Kollakorn Corporation Limited	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June	Balance held nominally
	No.	No.	No.	No.	No.	No.
2016						
R M Sealy	3,927,187	28,571,428	-	-	32,498,615	-
N Somapa	97,940,868	-	-	-	97,940,868	-
R Tayeh	4,613,740	-	-	-	4,613,740	-
N Aston	12,310,000	-	-	-	12,310,000	-
C Hunting	-	-	-	-	-	-
2015						
S Chalabian	767,318	-	-	-	767,318	-
R M Sealy	3,927,187	-	-	-	3,927,187	-
N Somapa	97,940,868	-	-	-	97,940,868	-
R Tayeh	4,613,740	-	-	-	4,613,740	-
N Aston	12,310,000	-	-	-	12,310,000	-
C Hunting	-	-	-	-	-	-

(g) Convertible Notes of Kollakorn Corporation Limited

	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June	Balance held nominally
	No.	No.	No.	No.	No.	No.
2016						
R M Sealy	1	-	-	3	4	-

N Somapa	-	-	-	-	-	-
R Tayeh	1	-	-	-	1	-
N Aston	4	-	-	1	5	-

2015						
S Chalabian	-	-	-	-	-	-
R M Sealy	1	-	-	-	1	-
N Somapa	-	-	-	-	-	-
R Tayeh	1	-	-	-	1	-
N Aston	4	-	-	-	4	-

(h) Share options of Kollakorn Corporation Limited

	Balance at 1 July	Granted as compen-sation	Exerc-ised	Net other change	Bal at 30 June	Bal veste d at 30 June	Vested but not exerci-sable	Veste d and exerc isable	Options vested during year
	No.	No.	No.	No.	No.	No.	No.	No.	No.
2016									
R M Sealy	22,000,000	-	-	(17,000,000)	5,000,000	-	-	-	-
N Somapa	-	-	-	-	-	-	-	-	-
R Tayeh	3,000,000	-	-	(3,000,000)	-	-	-	-	-
N Aston	12,000,000	-	-	(12,000,000)	-	-	-	-	-

2015									
S Chalabian	-	-	-	-	-	-	-	-	-
R M Sealy	27,000,000	-	-	(5,000,000)	22,000,000	-	-	-	-
N Somapa	-	-	-	-	-	-	-	-	-
R Tayeh	3,000,000	-	-	-	3,000,000	-	-	-	-
N Aston	12,000,000	-	-	-	12,000,000	-	-	-	-

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan or attached to the convertible notes issued to key management personnel. During the financial year no options (2015: nil) were exercised by key management personnel.

(i) Total liabilities arising from compensation with key management personnel or their related parties:

	2016 $	2015 $
S Chalabian	-	174,284
D Matthews	20,833	-
R M Sealy	403,176	587,020
N Somapa	110,429	84,437

R Tayeh	184,196	118,196
N Aston	130,344	86,344
C Hunting	62,333	18,333
	911,311	1,068,614

(j) Other transactions with key management personnel of the consolidated entity:

Consolidated loss includes the following expenses arising from transactions with key management personnel of the Group or their related parties:	2016 $	2015 $
Accounting expenses	144,000	144,000
	144,000	144,000

Total liabilities arising from transactions other than compensation with key management personnel or their related parties:	2016 $	2015 $
Current	5,801	265,705
Non-current	-	-
	5,801	265,705

1.15 Proceedings on behalf of the company

No person has applied to Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of the proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave to the Court under section 237 of the Corporations Act 2001.

1.16 Non-audit services

No amounts were paid to the auditor for non-audit services provided during the year by the auditor.

1.17 Auditor's Independence Declaration

The auditor's independence declaration is included on page 15 of the annual financial report.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Riad Tayeh
Non-executive Chairman

Sydney, 30 September 2016

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Kollakorn Corporation Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM AUSTRALIA PARTNERS

C J HUME
Partner

Sydney, NSW
Dated: 30 September 2016

RSM Australia Partners

Level 13, 60 Castlereagh Street Sydney NSW 2000
GPO Box 5138 Sydney NSW 2001

T +61 (0) 2 8226 4500
F +61 (0) 2 8226 4501

www.rsm.com.au

NDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

KOLLAKORN CORPORATION LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on conducting the audit in accordance with Australian Auditing Standards. Because of the matter described in the Bases for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Kollakorn Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Bases for Disclaimer of Opinion

Going concern

As disclosed in the Note 2 (f) to the financial statements, the consolidated entity incurred net losses of $651,306 and net cash outflows from operating activities of $726,414 during the year ended 30 June 2016. As at that date the consolidated entity had net current liabilities of $1,604,506. The ability of the consolidated entity to continue as a going concern is contingent on a number of future events, the most significant of which is the ability of the company and consolidated entity to obtain additional funding to settle the consolidated entity's outstanding current liabilities and complete the development and successful commercialisation of the RFID technology. We have been unable to obtain alternative evidence which would provide sufficient appropriate audit evidence as to whether the consolidated entity may be able to raise sufficient capital and successfully commercialise the RFID technology and hence remove significant doubt of its ability to continue as a going concern within 12 months of the date of this auditor's report.

Carrying value of associate

In addition, as disclosed in Note 11, the consolidated entity's investment in associates is carried at $5,041,706 on the statement of financial position which represents over 90% of the consolidated entity's total assets as at 30 June 2016. The ability to realise the carrying value of this asset is dependent on sufficient funds being raised to complete the development and successful commercialisation of its RFID technology. As a result, we were unable to determine whether any adjustments were necessary in respect of the carrying value of investment in associates as at 30 June 2016.

Share of result of associate

Further to the above, Kollakorn Corporation Limited's investment in Kollakorn Co. Ltd, is carried at $5,041,706 in the statement of financial position as at 30 June 2016, and Kollakorn Corporation Limited's share of Kollakorn Co. Ltd's net profits of $40,017 is included in Kollakorn Corporation Limited's statement of profit or loss and other comprehensive income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Kollakorn Corporation Limited's investment in Kollakorn Co. Ltd as at 30 June 2016 and Kollakorn Corporation Limited's share of Kollakorn Co. Ltd's net profit for the year because the financial statements of Kollakorn Co. Ltd are unaudited and we were unable to perform adequate alternative audit procedures in this regard. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Disclaimer of Opinion

Because of the significance of the matters described in the Bases for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on whether:

(a) the financial report of Kollakorn Corporation Limited is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Kollakorn Corporation Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

RSM

RSM AUSTRALIA PARTNERS

C J HUME
Partner

Sydney, NSW
Dated: 30 September 2016

DIRECTORS' DECLARATION

The Directors declare that:

(a) 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;

(b) The attached financial statements are in compliance with Australian Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS);

(c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and

(d) The directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the Directors

Riad Tayeh
Non-executive Chairman

Sydney, 30 September 2016

KOLLAKORN CORPORATION LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Continuing operations			
Revenue from sale of goods	5	21,621	18,166
Revenue from royalties	5	198,444	254,038
Less cost of goods sold		(10,113)	(12,653)
Gross profit		209,952	259,551
Other income	5	33	738,194
Expenses by function:			
Administration		(626,921)	(783,023)
Amortisation of intangible assets		(87,185)	(87,185)
Finance costs		(59,003)	(175,061)
Foreign exchange losses		(3,077)	(128,521)
Research and development		(125,122)	(103,044)
Share of profit (losses) from associates		40,017	(365,619)
Loss before income tax	6	(651,306)	(644,708)
Income tax expense	7	-	-
Loss for the year		**(651,306)**	**(644,708)**
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign entities		(7,371)	(30,219)
		(7,371)	(30,219)
Total comprehensive loss for the year		**(658,677)**	**(674,927)**

Earnings per share			
From continuing operations			
Basic (cents per share)	18	(0.07)	(0.07)
Diluted (cents per share)	18	(0.07)	(0.07)

Notes to the financial statements are included on pages 24 to 46.

KOLLAKORN CORPORATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $	2015 $
Current assets			
Cash and cash equivalents		35,149	211,009
Trade and other receivables	8	167,529	162,927
Other assets	9	-	900
Total current assets		202,678	374,836
Non-current assets			
Intangible assets	10	174,371	261,556
Investment in associates	11	5,041,706	5,001,689
Total non-current assets		5,216,077	5,263,245
Total assets		5,418,755	5,638,081
Current liabilities			
Trade and other payables	12	1,712,267	1,621,632
Other current liabilities	13	-	1,379,276
Provisions	14	94,917	91,777
Total current liabilities		1,807,184	3,092,685
Non-current liabilities			
Other Non-current liabilities	13	1,125,526	-
Total Non-current liabilities		1,125,526	-
Total liabilities		2,932,710	3,092,685
Net assets		**2,486,045**	**2,545,396**
Equity			
Issued capital	15	50,562,667	50,058,175
Reserves	16	1,872,187	1,784,724
Accumulated losses	17	(49,948,809)	(49,297,503)
Total equity		**2,486,045**	**2,545,396**

Notes to the financial statements are included on pages 24 to 46.

KOLLAKORN CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Fully paid ordinary shares	Equity-settled employee benefits reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	$	$	$	$	$
Balance at 1 July 2014	49,541,151	2,096,130	(281,187)	(48,652,795)	2,703,299
Exchange differences arising on translation of foreign operations	-	-	(30,219)	-	(30,219)
Other comprehensive loss for the year	-	-	(30,219)	-	(30,219)
Loss for the year	-	-	-	(644,708)	(644,708)
Total comprehensive loss for the year	-	-	(30,219)	(644,708)	(674,927)
Issue of shares and options	541,908				541,908
Share issue costs	(24,884)	-	-	-	(24,884)
Recognition of share-based payments	-	-	-	-	-
Balance at 30 June 2015	**50,058,175**	**2,096,130**	**(311,406)**	**(49,297,503)**	**2,545,396**

	Fully paid ordinary shares	Equity-settled employee benefits reserve	Foreign currency translation reserve	Options Reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Balance at 1 July 2015	50,058,175	2,096,130	(311,406)	-	(49,297,503)	2,545,396
Exchange differences arising on translation of foreign operations	-	-	(7,371)	-	-	(7,371)
Other comprehensive loss for the year	-	-	(7,371)	-	-	(7,371)
Loss for the year	-	-	-	-	(651,306)	(651,306)
Total comprehensive loss for the year	-	-	(7,371)	-	(651,306)	(658,677)
Issue of shares and options	508,784	-	-	94,834	-	603,618
Share issue costs	(4,292)	-	-	-	-	(4,292)
Recognition of share-based payments	-	-	-	-	-	-
Balance at 30 June 2016	**50,562,667**	**2,096,130**	**(318,777)**	**94,834**	**(49,948,809)**	**2,486,045**

Notes to the financial statements are included on pages 24 to 46.

KOLLAKORN CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	2016 $	2015 $
Cash flows from operating activities:			
Receipts from customers		23,032	23,887
Payments to suppliers and employees		(742,371)	(562,482)
Interest and other costs of finance paid		(7,075)	-
Net cash used in operating activities	21	(726,414)	(538,955)
Cash flows from investing activities:			
Interest received		33	8,720
Royalties and other investment income received		192,431	246,515
Net cash provided by investing activities		192,464	255,235
Cash flows from financing activities:			
Proceeds from issues of shares and options		388,784	541,908
Payment for share issue costs		(4,292)	(24,884)
Proceeds from the issue of convertible notes		-	110,393
Repayment of borrowings		(26,402)	(215,043)
Net cash provided by financing activities		358,090	412,374
Net (decrease)/increase in cash and cash equivalents		(175,860)	128,654
Cash and cash equivalents at the beginning of the financial year		211,009	82,355
Cash and cash equivalents at the end of the financial year		**35,149**	**211,009**

Notes to the financial statements are included on pages 24 to 46.

NOTES TO THE ACCOUNTS

1. General information

Kollakorn Corporation Limited is a public company listed on the Australia Securities Exchange (trading under the symbol 'KKL'), incorporated in Australia, and operating in Australia, South East Asia and North America.

Kollakorn Corporation Limited's registered office and its principal place of business are as follows:

Registered office	Principal place of business
L9 / 65 York Street	L9 / 65 York Street
Sydney NSW 2000	Sydney NSW 2000
Tel: (02) 8252 5555	Tel: (02) 8252 5555

2. Significant accounting policies

a. Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the consolidated financial statements of the Group. The separate financial statements of the parent entity, Kollakorn Corporation Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements of the consolidated entity also comply with International Financial Reporting Standards ('IFRS') and interpretations adopted by the International Accounting Standards Board.

The financial statements were authorised for issue by the directors on 30 September 2016.

b. Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

c. Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of critical judgments in applying the consolidated entity's accounting policies, and key sources of estimation uncertainty.

d. Application of new and revised Accounting Standards

In the current year, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2015.

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	This amendments completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. This amendment does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statement.

e. Standards and Interpretations in issue not yet adopted

At the date of the authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

Reference	Title	Application date (financial years beginning)	Expected Impact
AASB 2014-5	*Amendments to Australian Accounting Standards arising from AASB 15*	1 January 2018	Unlikely to have a significant impact
2015-8	*Amendments to Australia Accounting Standards - Effective Date of AASB 15*	1 January 2017	Unlikely to have a significant impact
AASB 9	*'Financial Instructments', and the relevant amending standards*	1 January 2018	Unlikely to have a significant impact
AASB 15	*Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15*	1 January 2018	Unlikely to have a significant impact
2014-10	*Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and Investor and its Associate or Joint Venture*	1 January 2018	Unlikely to have a significant impact
2016-1	*Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*	1 January 2017	Unlikely to have a significant impact
2016-2	*Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to [AASB 107]*	1 January 2017	Unlikely to have a significant impact
2016-3	*Amendments to Australian Accounting Standards - Clarifications to AASB 15*	1 January 2018	Unlikely to have a significant impact

f. Going Concern

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

As disclosed in the financial statements, the consolidated entity incurred net losses of $651,306 and net cash outflows from operating activities of $726,414 during the year ended 30 June 2016. As at that date the consolidated entity had net current liabilities of $1,604,506.

The ability of the consolidated entity to continue as a going concern is contingent on a number of future events, the most significant of which is the ability of the company and consolidated entity to obtain additional funding to settle the consolidated entity's outstanding current liabilities and complete the development and successful commercialisation of the RFID technology.

These factors indicate material uncertainty as to whether the company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the company and consolidated entity will be able to continue as going concerns, after consideration that the Directors anticipate securing significant sales contracts during the next 12 months which will increase operating cash flow.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

g. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries) (referred to as 'the consolidated entity' in these financial statements). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the consolidated entity.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

h. Cash and cash equivalents

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

i. Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

j. Financial assets

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

k. Financial instruments issued by the consolidated entity

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

l. Foreign currency

The individual financial statements of each entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Kollakorn Corporation Limited, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve in the consolidated financial statements and recognised in profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the consolidated entity’s foreign operations are translated into Australian dollars at exchange rates prevailing on the balance date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the consolidated entity's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed.

m. Impairment of other tangible and intangible assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

n. Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised in respect of temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arose from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in associates, and interests in joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

o. Intangible assets

Research and development costs and licences

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated the:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Intention to complete the intangible asset and use or sell it;
- Ability to use or sell the intangible asset;
- Ability to generate probable future economic benefits;
- Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

p. Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

q. Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the consolidated entity 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 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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

r. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- Consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- Consolidated entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- Amount of revenue can be measured reliably;
- Probable economic benefits associated with the transaction will flow to the entity; and
- Costs incurred or to be incurred in respect of the transaction can be measured reliably.

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:

- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold;
- Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

s. Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 23.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

t. Goods and services tax

Revenues, 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 taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables, which are recognised inclusive of GST.

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

Cash flows are included in the statement of cash flows on a gross basis. 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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the consolidated entity's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern

The financial statements have been prepared on the assumption that the entity is a going concern. This judgement by the directors has been further explained in note 2(f). If this assumption is not correct there may be material adjustments required to the carrying amounts of assets and liabilities.

Share based payments

The entity operates an employee share scheme, which issues options to employees to acquire shares. Details of the share scheme can be found in note 23. The fair value of the options is recognized over the vesting period of the options. The fair value has been calculated using the binomial model, which incorporates many assumptions and estimates, all of which have been detailed in note 23. If any of these assumptions or estimates were to change, this could have an impact on the amounts recognised.

4. Segment information

Operating segments are identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Products and services from which reportable segments derive their revenues

Information reported to the consolidated entity's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on revenue for each type of good. The principal categories of customer for these goods are direct sales to major customers, wholesalers, retailers and internet sales. The consolidated entity's reportable segments under AASB 8 are therefore as follows:

- AVI (Automated Vehicle Identification)
- Smart&Secure
- TransitVault & CertainID

Revenue reported in Smart&Secure relates to royalties received for the use of our Smart&Secure RFID technology by external parties. CertainID, the consolidated entity's bio-authentication technology, earned no revenue in the period as this technology is still in a developmental stage.

Information regarding the consolidated entity's reportable segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment revenues and results

The following is an analysis of the consolidated entity's revenue and results from continuing operations by reportable segment:

	Segment revenue		Segment profit/(loss)	
	2016 $	2015 $	2016 $	2015 $
Continuing operations				
AVI / EVR	21,621	18,166	9,766	17,232
Smart&Secure	198,444	254,038	111,254	63,558
TransitVault & Certain ID	-	-	(4,442)	(603)
Total for continuing operations	220,065	272,204	116,578	80,187
Costs not able to be allocated to one operation			(767,884)	(724,895)
Loss before tax from continuing operations			(651,306)	(644,708)
Income tax benefit			-	-
Loss for the year from continuing operations			(651,306)	(644,708)
Consolidated revenue (excluding interest and other revenue) and loss for the year	220,065	272,204	(651,306)	(644,708)

The revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2015: Nil).

Segment loss represents the loss earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, investment revenue and finance costs, income tax expense, and gains or losses on disposal of associates and discontinued operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	Assets		Liabilities	
	2016 $	2015 $	2016 $	2015 $
AVI / EVR	5,065,592	5,056,512	-	-
Smart&Secure	254,077	337,381	3,010	-
TransitVault & Certain ID	-	-	166,084	160,592
Total segment assets and liabilities	5,319,669	5,393,893	169,094	160,592
Unallocated assets and liabilities	99,086	244,188	2,763,616	2,932,093
Consolidated total assets and liabilities	5,418,755	5,638,081	2,932,710	3,092,685

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker may on occasions monitor the value of assets attributable to each segment.

All assets are allocated to reportable segments other than those that are used across multiple segments, or are not segment specific, and which cannot be allocated across segments on any reasonable basis. Assets used jointly by reportable segments are unable to be allocated as there is no logical basis for doing so. The consolidated entity is not an asset intensive business, with very limited physical assets.

For the purpose of measuring segment performance the chief operating decision maker, all liabilities apart from those that cannot be allocated between segments on any reasonable basis are allocated to reportable segments. Liabilities used jointly by reportable segments are only allocated between those segments if there is a rational basis for doing so.

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2016 $	2015 $	2016 $	2015 $
Smart&Secure	87,185	87,185	-	-
Total segment depreciation, amortisation & additions	87,185	87,185	-	-
Unallocated depreciation, amortisation & additions	-	-	-	-
Total depreciation, amortisation & additions	87,185	87,185	-	-

Besides the depreciation and amortisation reported above, no impairment losses were recognised in respect of plant and equipment and intangible assets.

Geographical information

The consolidated entity operates in three principal geographical areas – Australia, Thailand and the USA.

The consolidated entity's revenue from external customers and information about its non-current segment assets (plant and equipment, and leasehold improvements) by geographical location are detailed below:

	Revenue from external customers		Additions to non-current assets	
	2016 $	2015 $	2016 $	2015 $
USA	125,059	148,609	-	-
Thailand	86,845	105,429	-	-
Other	8,161	18,166	-	-
	220,065	272,204	-	-

5. Revenue and other revenue

An analysis of the consolidated entity's revenue for the year from continuing operations is as follows

	2016 $	2015 $
Continuing operations		
Revenue from the sale of goods	21,621	18,166
Royalty and licence revenue	198,444	254,038
	220,065	272,204
Other revenue		
Interest from third parties	33	8,719
Gain on extinguishment of debts	-	729,475
	33	738,194

6. Loss from continuing operations

	2016 $	2015 $
Gains and losses		
Revenue included the following items:		
• Interest income received and receivable	33	8,719
• Net foreign exchange losses	(3,077)	(128,521)
Expenses		
Loss for the year includes the following expenses:		
• Interest paid to other entities	33,477	895
• Interest accrued on convertible notes	25,526	174,166
	59,003	175,061
Amortisation expense:		
• Amortisation of intangible assets	87,185	87,185
	87,185	87,185
Share-based payments:		
• Equity-settled share-based payments	-	-
• Other employee benefits	255,833	440,250
Total employee benefit expense	255,833	440,250

7. Income taxes relating to continuing operations

	2016 $	2015 $
Income tax recognised in profit or loss **Tax income comprises:**		
Current tax	(246,550)	(135,997)
Deferred tax not recognised in the financial statements	246,550	135,997
Total tax expense/(income)	-	-
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Loss before tax from continuing operations	(651,306)	(644,708)
Income tax expense/(benefit) calculated at 30%	(195,392)	(193,412)
Effect of amounts that are not (deductible) / taxable in the calculation of taxable income:	(51,158)	57,415
Effect of tax concessions (research and development and other allowances):-		
Deferred tax asset not recognised	246,550	135,997
Total tax expense/(income)	-	-

	2016 $	2015 $
Unrecognised deferred tax assets		
The following deferred tax assets have not been brought to account as assets:		
Tax losses – revenue	13,615,815	12,774,008
Potential tax benefit at 30%	4,084,745	3,832,202

All unused tax losses were incurred by Australian entities. No deferred tax assets have been recognised for these losses due to the uncertainty of future profits against which these losses would be able to be used.

Tax effect relating to each component of other comprehensive income:

There is no tax effect relating to other comprehensive income.

8. Trade and other receivables

	2016 $	2015 $
Trade receivables	64,056	67,979
Allowance for doubtful debts	-	-
	64,056	67,979
Other receivables	103,473	94,948
	167,529	162,927

The average credit period on sales of goods is in accordance with pre arranged contract terms. An allowance is made, if necessary, for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

Ageing of past receivables due but not impaired

	2016 $	2015 $
0-60 days	69,215	70,700
60-90 days	-	-
90-120 days	-	-
120+ days	98,314	92,227
	167,529	162,927

9. Other assets

	2016 $	2015 $
Prepayments	-	900
	-	900

10. Intangible Assets

	2016 $	2015 $
Intellectual property - cost	435,926	435,926
Intellectual property – accumulated amortisation	(261,555)	(174,370)
	174,371	261,556

	Intellectual property	Total
Cost		
Balance at 30 June 2014	435,926	435,926
Additions	-	-
Disposals	-	-
Balance at 30 June 2015	435,926	435,926
Additions	-	-
Disposals	-	-
Balance at 30 June 2016	435,926	435,926
Accumulated amortisation and impairment		
Balance at 30 June 2015	174,370	174,370
Amortisation expense	87,185	87,185
Disposals	-	-
Balance at 30 June 2016	261,555	261,555

11. Investments in associates

Details of the Group's associates are as follows.

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			2016	2015
Kollakorn Co Ltd	IT Infrastructure	Thailand	26.67%	33.23%

Kollakorn Corporation Ltd acquired a 19.9% interest in Kollakorn Co., Ltd (**Kollakorn Thailand**) on 30 June 2011, and purchased an additional 8.8% in 2012, 2.49% in 2013 and 2.04% in 2014. Kollakorn Co., Limited (Kollakorn Thailand) offered all shareholders a pro rata right issue in December 2015, however KKL elected not to participate. All other shareholders in Kollakorn Thailand have participated and the shares so issued have been called as to 25%. The effect of KKL's shareholding in Kollakorn Thailand was to reduce it to 26.67% as at 31 December 2015. The total purchase price for the 26.67% interest in this company to date has been $6,461,652 (2015: $6,461,652). The carrying amount in the statement of financial position of the consolidated equity's interest in Kollakorn Thailand at 30 June 2016 is $5,041,706 (2015: $5,001,689). The company's share of accumulated losses in Kollakorn Thailand at 30 June 2016 is $1,419,945 (2015: $1,459,963).

Pursuant to a resolution passed by the shareholders of Kollakorn Thailand, Kollakorn's former Managing Director, Richard Sealy, who was appointed to the board of Kollakorn Thailand has the right to cast 1 vote at board meetings of Kollakorn Thailand, He is 1 of 5 directors of Kollakorn Thailand.

As Kollakorn Corporation Limited holds 26.67% of the equity shares in Kollakorn Thailand, the directors of Kollakorn Corporation Limited have adopted Australian Accounting Standard AASB128 – Equity Accounting and equity accounted for the investment in Kollakorn Thailand. The directors of Kollakorn Corporation Limited do not however believe that they have control over the day to day running of Kollakorn Thailand.

Summarised financial information in respect of the Group's associates is set out below:

	2016 $	2015 $
Total assets	5,165,187	7,121,196
Total liabilities	2,267,365	4,331,546
Net assets	2,897,822	2,789,650
Group's share of net assets of associates	**772,733**	**927,001**
Total revenue	13,594,215	33,072
Total loss for the year	150,071	(1,100,267)
Group's share of profit (loss) of associates	**40,017**	**(365,619)**

12. Trade and other payables

	2016 $	2015 $
Trade payables [(i)]	1,366,122	1,380,059
Sundry creditors and accruals	346,145	241,573
	1,712,267	1,621,632

[(i)] The credit period on purchases of goods is in accordance with pre arranged contract terms. The consolidated entity has financial risk management policies in place to endeavour to manage the payables due and expectations of creditors where the credit timeframes are not met.

13. Other current liabilities

	2016 $	2015 $
Convertible Note facility	-	1,379,276
	-	1,379,276

Other Non-current liabilities

	2016 $	2015 $
Note facility	1,125,526	-
	1,125,526	-

The new Notes issued in February 2016 carry a 7% coupon rate which is to be capitalised on yearly rests. The Notes are secured (in their prorata amount) against shares owned by KKL in Kollakorn Co.,Ltd ("Kollakorn Thailand). The Notes will be due for repayment (together with accrued interest) on 31 August 2018. KKL shall have the right of early repayment in cash at any time, and in that case the Repayment Amount shall be adjusted according to the period of time the Note has been on issue.

14. Provisions

	2016 $	2015 $
Current		
Employee benefits	94,917	91,777

15. Issued Capital

	2016 $	2015 $
1,014,569,980 fully paid ordinary shares (2015: 933,064,152)	50,562,667	50,058,175

Changes to the then Corporations Law abolished the authorised capital and par value concepts in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2016		2015	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	933,064,152	50,058,175	856,290,086	49,541,151
Other issues of shares	81,505,828	508,784	76,744,066	541,908
Share issue costs	-	(4,292)	-	(24,884)
Balance at end of financial year	1,014,569,980	50,562,667	933,064,152	50,058,175

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

No shares carry preferential rights on winding up.

Share options granted under the employee share option plan:

In accordance with the provisions of the employee share option plan, as at 30 June 2016, executives and directors (including former executives and directors) have options over 5,000,000 ordinary shares, expiring on 5 December 2016.

Share options granted under the employee share option plan carry no rights to dividends and no voting rights. Further details of the employee share option plan are contained in note 23 to the financial statements.

Other share options on issue:

During the financial year ending 30 June 2016, there were no options were issued to shareholders as a part of capital raisings undertaken throughout the period.

16. Reserves

	2016 $	2015 $
Equity-settled employee benefits	2,096,130	2,096,130
Foreign currency translation	(318,777)	(311,406)
Options reserve	94,834	-
	1,872,187	1,784,724
Equity-settled employee benefits reserve		
Balance at beginning of financial year	2,096,130	2,096,130
Share-based payment	-	-
Balance at end of financial year	2,096,130	2,096,130

The equity-settled employee benefits reserve arises on the grant of share options to directors, executives and senior employees under the employee share option plan. Further information about share-based payments to directors and employees is made in note 23 to the financial statements.

	2016 $	2015 $
Foreign currency translation reserve		
Balance at beginning of financial year	(311,406)	(281,187)
Translation of foreign operations	(7,371)	(30,219)
Balance at end of financial year	(318,777)	(311,406)

Exchange differences relating to the translation from the functional currencies of the consolidated entity's foreign controlled entities into Australian dollars are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

	2016 $	2015 $
Options reserve		
Balance at beginning of financial year	-	-
Options issued during the financial year	94,384	-
Balance at end of financial year	94,384	-

The Company issued 12,000,000 options exercisable at 1.25 cents and 54,000,000 options exercisable at 0.75 of a cent under listing rule 7.1 as a result of Convertible Notes rollover to a new Note facility.

17. Accumulated Losses

	2016 $	2015 $
Balance at beginning of financial year	(49,297,503)	(48,652,795)
Net Loss attributable to members of the parent entity	(651,306)	(644,708)
Balance at end of financial year	(49,948,809)	(49,297,503)

18. Earnings per share

	2016 Cents per share	2015 Cents per share
Basic earnings per share		
From continuing operations	(0.07)	(0.07)
Total basic earnings per share	(0.07)	(0.07)

	2016 Cents per share	2015 Cents per share
Diluted earnings per share		
From continuing operations	(0.07)	(0.07)
Total diluted earnings per share	(0.07)	(0.07)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2016 $	2015 $
Net loss	(651,306)	(644,708)
Earnings used in the calculation of basic EPS from continuing operations	(651,306)	(644,708)

	2016 No.	2015 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	957,046,083	882,454,047

Diluted earnings per share

The earnings used in the calculation of diluted earnings per share is as follows:

	2016 $	2015 $
Net loss	(651,306)	(644,708)
Earnings used in the calculation of diluted EPS from continuing operations	(651,306)	(644,708)

	2016 No.	2015 No.
Weighted average number of ordinary shares used in the calculation of diluted EPS	957,046,083	882,454,047

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	2016 No.	2015 No.
Ordinary share options on issue at end of financial year	71,000,000	118,000,000

19. Contingent liabilities and contingent assets

The shareholders have approved the rollover of the notes and as a result this debt obligation has been extended to 31 August 2018. Under this arrangement, the Company will issue 31,500,000 shares, 15,750,000 options exercisable at 1.25 cents and 69,000,000 options exercisable at 0.75 of a cent.

The Company has issued 24,000,000 in shares, 12,000,000 options exercisable at 1.25 cents and 54,000,000 options exercisable at 0.75 of a cent under listing rule 7.1.

A further 7,500,000 in shares, 3,750,000 in unlisted options exercisable at 1.25 cents and 15,000,000 in unlisted options exercisable at 0.75 of a cent will subject to approval of Annual General Meeting be issued.

(2015: Mr R M Sealy agreed that on his retirement as Managing Director on 31 March 2015 that he would, subject to shareholders approval at the forthcoming AGM, convert $200,000 of the $577,166 debt owed to him by the Company into 28,571,428 shares (0.7 of a cent) and the balance of $377,166 would remain a creditor of the Company until 31 March 2016.; and Mr Sevag Chalabian agreed that on his retirement as Chairman on 6 February 2015 he would, subject to shareholders approval at the forthcoming AGM, convert $84,392 of the $168,784 debt owed to him by the Company into 12,056,000 shares (0.7 of a cent) and the balance $84,392 would remain as a creditor of the Company until 31 March 2016.)

20. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2016 %	2015 %
Parent entity			
Kollakorn Corporation Limited (i)	Australia	-	-
Subsidiaries			
Kollakorn Imaging Systems Pty Limited (ii) (iii)	Australia	100	100
Kollakorn (AVI) Pty Ltd (ii) (iii)	Australia	100	100
Kollakorn (IP) Pty Ltd (ii) (iii)	Australia	100	100
Mikoh Corporation	USA	100	100
Kollakorn Pty Limited (ii) (iii)	Australia	100	100
Kollakorn Technology Pty Limited (ii) (iii)	Australia	100	100

(i) Kollakorn Corporation Limited is the head entity within the tax-consolidated group.
(ii) These companies are members of the tax-consolidated group.
(iii) These wholly owned entities are classified as small proprietary entities and, in accordance with the Corporations Act 2001 are relieved from the requirement to prepare and lodge audited financial statements.

21. Notes to the cash flow statement

Reconciliation of loss for the period to net cash flows from operating activities

	2016 $	2015 $
Loss for the year	(651,306)	(644,708)
Amortisation of intangible assets	87,185	87,185
Gain on extinguishment of debts	-	(729,475)
Other interest payable	(38,075)	-
Foreign exchange (gain)/loss	444	110,856
Convertible note interest accrued	25,526	174,165
Investment revenue recognized in profit & loss	(198,444)	(262,757)
Share of loss of associates	(40,017)	365,619
(Increase)/decrease in assets:		
Trade and other receivables	(4,602)	(1,802)
Plus: Investment revenue included in trade debtor movement	-	7,523
Other current assets	(900)	(83)
Increase/(decrease) in liabilities:		
Trade and other payables	90,635	337,570
Provisions	3,140	16,952
Net cash used in operating activities	(726,414)	(538,955)

22. Financial Instruments

a. Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

b. Capital Risk Management

The consolidated entity manages its capital to ensure that entities within the consolidated entity will be able to continue as a going concern.

The capital structure of the consolidated entity includes cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses. The consolidated entity has no borrowings.

c. Categories of Financial Instruments

	2016 $	2015 $
Financial Assets		
Cash and cash equivalents	35,149	211,009
Loans and receivables	167,529	162,927
Financial Liabilities		
Trade and other payables	1,712,267	1,621,632
Convertible note facility	-	1,379,276
Note facility	1,125,526	-

The carrying amount reflected above represents the consolidated entity's maximum exposure to credit risk for such loans and receivables.

d. Financial Risk Management Objectives

The consolidated entity's activities expose it to a variety of risks. These risks include market risk, foreign currency risk, credit risk and liquidity risk.

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments. The consolidated entity's risk management policies are reviewed by the board of directors at least annually.

e. Market Risk

The consolidated entity's only exposure to market risk is the effect of changes in interest rates which would affect interest received, and foreign currency exchange rates. There has been no change to the consolidated entity's exposure to market risks.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the consolidated entity's net loss before taxation would have no significant change (2015: decrease by $44 or increase by $44). This is attributable to the consolidated entity's exposure to interest rates on its bank deposits. The consolidated entity's sensitivity to interest rates has decreased during the current period due to the decrease in cash at bank.

f. Foreign Currency Risk

The consolidated entity undertakes certain transactions denominated in foreign currencies that are different to the functional currency of the respective entities undertaking the transactions, hence exposure to exchange rate fluctuations arise.

The carrying amount of the consolidated entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are denominated in a currency that is different to the functional currency of the respective entity holding the monetary assets and liabilities are as follows:

Consolidated

	Assets		Liabilities	
	2016 $	2015 $	2016 $	2015 $
US Dollars	66,603	99,896	125,570	123,335
SG Dollars	-	-	4,800	2,400

Foreign currency sensitivity analysis

The Group is mainly exposed to fluctuations in US Dollars and SG Dollars

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the US Dollar and SG Dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

A positive number below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	US Dollar Impact	
	2016 $	2015 $
Profit or loss [(i)]	8,135	7,500

	SG Dollar Impact	
	2016 $	2015 $
Profit or loss	479	232

(i) This is mainly attributable to the exposure outstanding on US Dollar receivables and payables in the Group at the end of the reporting period.

In management's opinion, the sensitivity analysis is representative of the inherent foreign exchange risk because the exposure at the end of the reporting period reflects the exposure during the year.

g. Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the consolidated entity's short, medium and long term funding and liquidity management requirements. The consolidated entity manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. Refer to going concern note 2(f).

The following table details the consolidated entity's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period.

Financial Assets	Weighted Ave Effective Interest Rate	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years	TOTAL
2016	%	$	$	$	$	$	$
Variable interest rate instruments							
Cash and cash equivalents	0.01%	35,149	-	-	-	-	35,149
Non interest bearing instruments							
Trade and other debtors	Nil	5,615	64,056	97,858	-	-	167,529
	0.00%	40,764	64,056	97,858	-	-	202,678
2015							
Variable interest rate instruments							
Cash and cash equivalents	0.05%	211,009	-	-	-	-	211,009
Non interest bearing instruments							
Trade and other debtors	Nil	3,165	67,979	91,783	-	-	162,927
	0.00%	214,174	67,979	91,783	-	-	373,936

The following table details the consolidated entity's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay.

Financial Liabilities	Weighted Ave Effective Interest Rate	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years	TOTAL
2016	%	$	$	$	$	$	$
Interest Bearing	-	-	-	-	-	-	-
Non interest bearing							
Trade and other payables	N/A	91,210	46,295	1,574,762	-	-	1,712,267
		91,210	46,295	1,574,762	-	-	1,712,267
2015							
Interest Bearing	-	-	-	-	-	-	-
Non interest bearing							
Trade and other payables	N/A	45,688	53,851	1,522,093	-	-	1,621,632
		45,688	53,851	1,522,093	-	-	1,621,632

h. Fair Value

The carrying amount of the financial assets and financial liabilities represents a reasonable approximation of fair value.

i. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Financial instruments which potentially subject the company to credit risk solely consist of trade and other receivables. The carrying amount of the financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk, without taking account of the value of any collateral obtained. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

23. Share based payments

Employee share option plan

The consolidated entity has an ownership-based compensation scheme for directors and executives of the consolidated entity. All options granted are subject to approval by the Board.

Each employee share option converts into one ordinary share of Kollakorn Corporation Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The following share-based payment arrangements were in existence during the current and comparative periods:

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
Issued 05 December 2013	5,000,000	05/12/2013	05/12/2016	0.075	0.002900

All options listed have fully vested at the date of this report. There were nil share options granted under the employee share option plan during the year ended 30 June 2016. Options have been priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 5 years.

To allow for the effects of early exercise, it was assumed that executives and directors would exercise the options at the mid-point between vesting and expiry.

There are no specific performance criteria attached to the vesting of the options.

	2016		2015	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	22,000,000	0.0942	27,000,000	0.0986
Granted during the financial year	-	-	-	-
Expired during the financial year	(17,000,000)	(0.0334)	(5,000,000)	(0.0044)
Balance at end of the financial year	5,000,000	0.0171	22,000,000	0.0942
Exercisable at end of the financial year	5,000,000	0.0171	22,000,000	0.0942

a. Exercised during the financial year

No share options were exercised during the financial year.

b. Balance at the end of the financial year

The share options outstanding at the end of the financial year had a weighted average exercise price of $0.0171 (2015: $0.0942), and a weighted average remaining contractual life of 158 days (2015: 105 days).

24. Key management personnel compensation

The details of the Directors of Kollakorn Corporation Limited were:

- R Tayeh (Non-Executive Director) from 3 June 2011, (Non-Executive Chairman) from 6 February 2015
- N Somapa (Non-Executive Director) from 3 June 2011
- N J Aston (Non-Executive Director) from 15 July 2013
- C Hunting (Non-Executive Director) from 10 February 2015

The details of the Group executives of Kollakorn Corporation Limited were:

- N J Aston (Chief Financial Officer) from 1 January 2012
- D Matthews (Chief Executive Officer) from 1 June 2016
- R Sealy (Chief Operating Officer) from 1 June 2016, resigned as Chief Executive Officer from 1 March 2016

The aggregate compensation made to directors and other key management personnel of the consolidated entity is set out below:

	2016 $	2015 $
Short-term employee benefits	255,833	440,250
Share-based payment	-	-
	255,833	440,250

25. Remuneration of auditor

	2016 $	2015 $
Auditor of the parent entity		
Audit or review of the financial statements	63,000	63,000
	63,000	63,000

The auditor of Kollakorn Corporation Limited is RSM Australia Partners.

26. Subsequent events

No events have occurred subsequent to the end of the financial reporting period, which requires adjustment in these financial statements.

27. Parent entity disclosures

Set out below is the supplementary information about the parent entity:

FINANCIAL POSITION	2016 $	2015 $
Current assets	99,086	244,121
Non-current assets	4,410,761	4,609,804
Total assets	4,509,847	4,853,925
Current liabilities	1,641,099	2,932,093
Non-current liabilities	1,125,526	-
Total liabilities	2,766,625	2,932,093
Net assets	**1,743,222**	**1,921,832**
Issued capital	50,562,667	50,058,175
Reserves	2,190,964	2,096,130
Accumulated losses	(51,010,409)	(50,232,473)
Equity	**1,743,222**	**1,921,832**

FINANCIAL PERFORMANCE	2016 $	2015 $
Loss for the year	(777,936)	(827,707)
Other comprehensive income	-	-
Total comprehensive loss	(777,936)	(827,707)

Contingent liabilities and contingent assets

Contingent liability is disclosed in accordance with note 19 (2015: see note 19).

28. Amendments to the Financial Statements

The net loss after tax reported in the Annual Report differs by $279,276 and other income by the same amount as compared to the unaudited figures reported in the Appendix 4E lodged with the ASX on 1 September 2016.

These differences relate to the treatment of the accrued interest forgiven on convertible notes. The convertible note holders were compensated for the accrued interest forgiven by receiving shares and options. Initially the forgiven accrued interest was posted through the current year profit and loss. On reflection, this has now been posted to issued capital and options reserve.

SHAREHOLDER INFORMATION

Top Holders Snapshot
Report as at 19-09-2016

Rank	Name	Fully Paid Ordinary Shares	% of Units
1	Kollakorn Company Limited	89,722,683	8.843
2	Terstan Nominees Pty Ltd <Morrows P/L Super Fund A/C>	40,159,082	3.958
3	Davies Nominees Pty Ltd <Super Duper Super Fund A/C>	35,000,000	3.450
4	Bond Street Custodians Limited <HPWPL-O19760 A/C>	32,498,615	3.203
5	Bordoni Holdings Pty Ltd <Peter Brown S/F A/C>	31,924,535	3.147
6	140 Foot Ventures (Singapore) Pte Ltd	28,571,428	2.816
7	Deancorp Pty Ltd <Jumbo Super Fund A/C>	25,255,206	2.489
8	Mr Stuart Turner	20,077,000	1.979
9	K B J Investments Pty Ltd <Jarry Family A/C>	16,500,000	1.626
10	HSBC Custody Nominees (Australia) Limited	13,851,668	1.365
11	Edinburgh Park Stud Pty Ltd	12,222,223	1.205
12	Ronatac Pty Ltd <Master Carpets Hld P/L Super Fund A/C>	12,000,000	1.183
13	Mr Gregory Levvey & Mrs Bronwyn Levvey <Levvey Super Fund A/C>	11,630,095	1.146
14	K B J Investments Pty Ltd <Jarry Family Super Fund A/C>	11,424,016	1.126
15	Deancorp Pty Ltd <Jumbo S/F A/C>	11,226,136	1.106
16	Miss Kim Van Netten	11,140,104	1.098
17	Chavoo Pty Ltd <Midhurst Super Fund A/C>	10,357,267	1.021
18	Mr Peter Bailey & Mrs Helen Bailey <Petlen Superannuation A/C>	10,000,000	0.986
19	Mr Alex Dell'Anna	10,000,000	0.986
20	Mr Josef Hahn	9,703,468	0.956
Top 20 Holders of Issued Capital		443,63,526	43.69%
Remaining Holders Balance		571,306,454	56.31%
Total Issued Shares		**1,014,569,980**	**100.00**

Range of Units Snapshot
Issued Capital as at 19-09-2016

Range	Total Holders	Units	% of Issued Capital
1 – 1000	247	79,983	0.008
1,001 - 5,000	412	1,171,399	0.115
5,001 - 10,000	249	1,952,353	0.192
10,001 - 100,000	660	26,864,885	2.648
100,001 +	679	984,501,360	97.036
Total	2,247	1,014,569,980	100.00%

The number of Shareholders with an Unmarketable Parcel is 173.

Voting Rights

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. Option holders have no voting rights.

Restricted Securities and Buy-Back Arrangements

There are a total of 1,088,347 restricted securities on issue. 588,347 ordinary shares are escrowed until 16 April 2019, 500,000 escrowed pending board approval to the prior CEO, Paul Scully-Power.

There is no on-market buy-back of securities as at 30 September 2016.