

**Augend Limited (formerly Titan Energy Services Limited) and Controlled Entities  
ACN 150 110 017**

**Financial Statements  
For the year ended 30 June 2016**

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## Directors' Report

Your Directors present their report on the consolidated entity, (herein referred to as the Group) consisting of Augend Limited (Augend, the Company) and the entities it controlled at the end of, or during, the financial year ended 30 June 2016.

### Directors

The following persons were directors of Augend Limited during the whole of the year and up to the date of this report, unless otherwise stated:

Derek Jones (Chairman) (appointed 14/4/2016)	Shaun Scott (resigned 14/4/2016)
Robert Di Russo (appointed 14/4/2016)	Stephen Bizzell (resigned 14/4/2016)
Keong Chan (appointed 10/6/2016)	Mark Snape (resigned 14/4/2016)
Rupert Cheong (appointed 14/4/2016; resigned 10/6/2016)	

### Principal Activities

The principal activities of the Group during the financial year were the provision of drilling, accommodation, logistics, catering and equipment rental services predominately to the energy, oil and gas and infrastructure industry sectors.

The following significant changes in the nature of the principal activities occurred during the financial year:

- On 21 December 2015, the Group went into voluntary administration and entered into a Deed of Company arrangement on 15 April 2016. Refer below for further details.
- On 16 June 2016, 81,000,000 shares were issued and \$640,000 was received from LB Cap Pty Ltd of which \$500,000 was applied to effectuate the Deed of Company Arrangement (DOCA) and \$140,000 held for working capital.
- At the time of this report, the Company is a listed shell company and is looking to pursue new investment opportunities in the resources sector.

There were no other significant changes in the nature of the Company's principal activities during the financial year.

### Significant Changes in the State of Affairs

The following significant changes in the state of affairs of the Company occurred during the financial year:

- The Company announced the appointment of Joanne Dunn and Stefan Dopking of FTI Consulting as Voluntary Administrators to oversee the affairs of the Company and its subsidiaries on 21 December 2015.
- Royal Wolf Trading Australia Pty Ltd, subsequently appointed Cassandra Mathews and Jarrod Villani of KordaMentha as joint and several Receivers of the Company and its subsidiaries on 15 January 2016 pursuant to a security interest duly registered on the Personal Property Securities Register.
- A Deed of Company Arrangement (DOCA) was effectuated on 16 June 2016, with the Company complying with all the terms of the DOCA and control of the Company was reverted to the Board of Directors.
- The Company is now looking for new investment opportunities and will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

### Events after the Reporting Period

Further to the extraordinary general meeting that took place on 31 May 2016, the company shares would be consolidated on a 40 to 1 basis and 81,000,000 shares were to be issued once the company came out of administration. This did not eventuate until 4 August 2016.

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

## Directors' Report (continued)

### Dividends

Augend paid no dividends during the current or prior financial year. No dividend is recommended.

### Dividend Reinvestment Plan

The Augend Limited Dividend Reinvestment Plan (DRP) remained active during the financial year ended 30 June 2016. The plan is open to all shareholders based in Australia and New Zealand. Shareholders from other countries can participate in the DRP, subject to board approval. Shareholders were eligible to participate in the DRP for the final dividend paid during the financial year ended 30 June 2015.

### Results FY16

The Group recorded a full year net loss after tax of \$17,641,861 compared to the prior year net loss after tax result of \$50,558,000. This represents a decrease in loss after tax from the prior year of 65%, as a result of prior year impairment charges and the gain on settlement of the Deed of Company Arrangement of \$6,347,565.

### Underlying results

The profit from continuing operations of \$6,499,738 was primarily driven by:

- Gain on settlement of the Deed of Company Arrangement of \$6,347,565; and
- Income tax refund received during the first half of the financial year of \$2,226,335.

The loss from discontinued operations of \$24,141,599 was primarily driven by:

- Impairment charges to property, plant and equipment and inventory of \$9,887,716; and
- Loss arising on the loss of control of subsidiaries as they entered receivership of \$7,543,787.

### Financial Position

Post the effectuation of the Deed of Company Arrangement (DOCA) on 16 June 2016, the Company had remaining working capital of \$140,000 and as at 30 June 2016 had cash at bank of \$107,281 with \$45,203 of current liabilities.

### Business Strategies and Outlook

The Company is now looking for new investment opportunities in the resources sector. Upon finding a suitable investment the Company will be required to raise sufficient funds and to re-comply with Chapters 1 & 2 of the ASX Listing Rules.

### Information on the Directors

<b>Shaun Scott</b>	Age 51 B.Bus, BA, ACA, MAICD
Role	Independent Non-Executive Chairman Appointed 27 October 2011 – resigned 14 April 2016
Experience	Shaun is a Chartered Accountant with over 25 years of experience in upstream and downstream projects, mergers and acquisitions and finance in the energy sector in Australia, Asia, and the United States.  Shaun is currently a Chairman of ASX listed Anaeco Ltd and a Non-executive Director of Dart Energy Ltd. He was previously a Non-executive Director of ACER Energy Ltd, Buccaneer Energy Ltd and Site Group International Ltd.  Shaun previously held the roles of Chief Executive Officer (Australia), Chief Commercial Officer and Chief Financial Officer with Arrow Energy Limited prior to its acquisition by Royal Dutch Shell plc and PetroChina in 2010. Prior to joining Arrow Energy Limited in 2004, Shaun held a variety of senior executive roles in the oil and gas industry.
Special Responsibilities	Nil
Interest in Shares and Options (direct and indirect)	Shares – Nil Options – Nil

**Directors' Report (continued)**

**Information on the Directors (continued)**

<b>Mark Snape</b>	Age 65 B.Ec, MBA, ACA, FAICD
Role	Independent Non-Executive Director Appointed 18 October 2012 – resigned 14 April 2016
Experience	<p>Mark has considerable experience in the energy sector, large scale transport infrastructure development, risk management, public private partnerships and project financing.</p> <p>Mark has held various senior management positions including Chief Executive Officer Rivercity Motorway, Group General Manager – Infrastructure, Finance and Investment for John Holland, Managing Director in Australia for American Electric Power, Director of Deloitte Corporate Finance, Director of Country Natwest Corporate Finance and Director of BZW Corporate Finance. Mark is also a Non-executive Director of Whitehelm Capital Pty Limited and has previously held non-executive director positions for ASX-listed entities Connecteast Group, Brisconnections Group, and Pacific Hydro Limited.</p>
Special Responsibilities	Nil
Interest in Shares and Options (direct and indirect)	Shares – Nil Options - Nil
<b>Stephen Bizzell</b>	Age 48 B.Comm, MAICD
Role	Non-Executive Director Appointed 28 March 2011 – resigned 14 April 2016
Experience	<p>Stephen is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd. He is also a Non-executive Director of Armour Energy Ltd, Stanmore Coal Ltd, Queensland Treasury Corporation and UIL Energy Ltd and Chairman of Diversa Ltd, Laneway Resources Ltd and Renascor Resources Limited. He was previously a Non-executive director of Dart Energy Ltd, Bow Energy Ltd, Apollo Gas Ltd and HRL Holdings Ltd.</p> <p>Stephen was an Executive Director of Arrow Energy Ltd from 1999 until its acquisition in 2010 by Shell and PetroChina for \$3.5 billion. He was instrumental in Arrow's corporate and commercial success and its growth from a junior explorer to a large integrated energy company.</p> <p>Stephen qualified as a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst &amp; Young and the Corporate Tax division of Coopers &amp; Lybrand. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions and has over 20 years' corporate finance and public company management experience in the resources sector in Australia and Canada with various public companies.</p>
Special Responsibilities	Nil
Interest in Shares and Options (direct and indirect)	Shares – Nil Options – Nil

**Directors' Report (continued)**  
**Information on the Directors (continued)**

<b>Derek Jones</b>	55, Bachelor of Business
Role	Non-Executive Director Appointed 14 April 2016
Experience	Mr Jones has over 30 years of experience in global capital markets including 12 years as a stockbroker in Perth and brings a strong network of institutional/corporate relationships to the Company. He holds a Bachelor of Business degree from Curtin University.
Interest in Shares and Options (direct and indirect)	Nil
<b>Rupert Cheong</b>	44, BCom (Accounting & Tax) CA
Role	Non-Executive Director Appointed 14 April 2016 – resigned 9 June 2016
Experience	Mr Cheong is a director of Alpha Accountancy Services Pty Ltd, servicing Small Medium Enterprises and high net worth individuals. Mr Cheong has previously worked in Big 4 and second tier Chartered Accounting firms in their middle market tax divisions. Mr Cheong is a Fellow of the Chartered Accountants of Australia and New Zealand, a Fellow of the Tax Institute of Australia and a member of the CPA Australian for over 17 years.
Interest in Shares and Options (direct and indirect)	Nil
<b>Robert Di Russo</b>	32, BCom.CA
Role	Non-Executive Director Appointed 14 April 2016
Experience	Mr Di Russo is a director of Capo & Co. Formerly from a Big 4 Accounting firm, Mr Di Russo has extensive experience in all matters of compliance, tax planning/structuring and has amassed considerable experience in the small to medium business advisory space. He is a member of the Institute of Chartered Accountants with a Post Graduate Diploma in Taxation from University of Melbourne Law School.
Interest in Shares and Options (direct and indirect)	Nil
<b>Keong Chan</b>	37, BCom, Masters of Customs and International Law
Role	Non-Executive Director Appointed 9 June 2016
Experience	Mr. Chan has provided advice to a number of companies on corporate matters in relation to capital raisings, IPOs, back door listings, mergers and acquisitions, takeovers/divestments and has sat on or acted as an advisor to a number of ASX listed boards. Mr. Chan holds a Bachelor of Commerce from the University of Western Australia and a Master of International Customs Law and Administration from the University of Canberra.
Interest in Shares and Options (direct and indirect)	Nil

**Company Secretary**

The Company Secretary is Keong Chan and was appointed as Company Secretary of Augend Limited on 9 June 2016.

**Directors' Report (continued)**

**Meetings of Directors**

Since appointment of the new directors, no meetings of Directors (including committees of Directors) were held. The information presented below for the year ended 30 June 2016 represents the period since the new Directors took office. As disclosed in note 1, detailed accounting and corporate records are not available to allow the completion of this information prior to that date.

	Directors' Meetings		Audit Committee		Environmental Risk and OHS Committee		Nominations and Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Shaun Scott <sup>1</sup>								
Stephen Bizzell <sup>2</sup>								
Mark Snape <sup>3</sup>								
Derek Jones <sup>4</sup>	-	-	-	-	-	-	-	-
Robert Di Russo <sup>5</sup>	-	-	-	-	-	-	-	-
Rupert Cheong <sup>6</sup>	-	-	-	-	-	-	-	-
Keong Chan <sup>7</sup>	-	-	-	-	-	-	-	-

(1) Resigned 21 April 2016

(2) Resigned 21 April 2016

(3) Resigned 21 April 2016

(4) Appointed 21 April 2016

(5) Appointed 21 April 2016

(6) Appointed 21 April 2016 – resigned 9 June 2016

(7) Appointed 9 June 2016

**Indemnifying Officers**

During or since the end of the financial year, the Company paid insurance premiums of \$nil<sup>1</sup> to insure Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

(1) The information presented above for the year ended 30 June 2016 represents the period since the new Directors took office. As disclosed in note 1, detailed accounting and corporate records are not available to allow the completion of this information prior to that date.

**Options**

At the date of this report, there were no unissued ordinary shares of Augend Limited under option.

**Proceedings on behalf of the Company**

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

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

**Non-audit Services**

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with *APES 110: Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

There were no fees paid or payable to BDO Audit Pty Ltd and its related practices for non-audit services provided during the year ended 30 June 2016.

**Directors' Report (continued)**

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is set out on page 11 for the year ended 30 June 2016.

**Remuneration Report - Audited**

**Remuneration Policy**

The remuneration policy of Augend Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short and long-term incentives based on key performance areas affecting the Group's financial results. The Board of Augend Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to operate and manage the Group, as well as create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the Group is as follows:

- The remuneration policy is developed by the Nominations and Remuneration Committee and approved by the Board;
- All executive KMP receive a base salary (which is based on factors such as experience and market rates of pay), superannuation, fringe benefits, performance rights and performance incentives;
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met;
- Incentives paid in the form of options or rights are intended to align the interests of the key personnel and Company with those of the Shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means; and
- The Nominations and Remuneration Committee reviews KMP packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the Group's profits. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to reward KMP for performance results leading to long-term growth in shareholder wealth.

KMP receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align KMPs' interests with Shareholders' interests. Options and performance rights granted under the arrangement do not carry dividend or voting rights. Each option and performance right is entitled to be converted into one ordinary share once the applicable hurdles have been met and is valued using the Black-Scholes or Monte Carlo methodologies.

All remuneration paid to KMP is valued at cost to the Company and expensed.

The Board's policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Nominations and Remuneration Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting.

**Performance-based Remuneration**

KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Nominations and Remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals before the KPIs are set for the following year.

**Directors' Report (continued)**

**Remuneration Report – Audited (continued)**

In determining whether or not a financial KPI has been achieved, Augend Limited bases the assessment on audited figures.

**Relationship between Remuneration Policy and Company Performance**

The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on KPIs, and the second being the issue of options and performance rights to the majority of Directors and Executives to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, profits and dividends for the last three years for the listed entity, as well as the share prices at the end of the respective financial years. Analysis of the actual figures shows an increase in profits as well as an increase in dividends paid to shareholders, for the 2013 and 2014 years. The Company's performance over the last two years has been affected by the pressures of global market forces and the contributing impacts this has had on demand for the Group's services.

The Company will now look to move forward, pursuing other investment opportunities and in doing so will develop a remuneration policy that promotes the furtherance of these opportunities.

		2016	2015	2014	2013
Revenue inc discontinued operations	\$	6,859,040	50,226,000	87,681,000	72,904,000
Net profit/(loss) after tax	\$	(17,641,861)	(50,558,000)	12,211,000	9,103,000
Share price at year-end	\$	0.00	0.07	2.02	1.39
Dividends declared	Cents	-	-	7.5	5.5

**Performance Conditions Linked to Remuneration**

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of various cash bonus reward schemes, specifically the incorporation of incentive payments based on the achievement of earnings targets, KPIs, and continued employment with the Group.

The performance-related proportions of remuneration based on these targets are included in the following table. The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and Shareholders.

The satisfaction of the performance conditions is based on a review of the audited financial statements of the Group, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the Group at this time.

**Employment Details of Members of Key Management Personnel**

Due to the Company being placed into voluntary administration on 21 December 2015 and all Directors and KMP have since resigned, information on the transactions with Key Management Personnel prior to the appointment of the new Directors is not available. There are no contracts in place with the new Directors and no other KMP have been appointed.

	Position Held as at 30 June 2016 and any Change during the Year	Proportions of Elements of Remuneration Related to Performance			Proportions of Elements of Remuneration Not Related to Performance	
		Non-salary Cash-based Incentives <sup>1</sup>	Shares/ Units	Options/ Rights	Fixed Salary/ Fees	Total
<b>Group KMP</b>		%	%	%	%	%
Rupert Cheong	Appointed 21 April 2016 – resigned 9 June 2016	0%	0%	0%	100%	100%
Derek Jones	Appointed 21 April 2016	0%	0%	0%	100%	100%
Robert Di Russo	Appointed 21 April 2016	0%	0%	0%	100%	100%
Keong Chan	Appointed 9 June 2016	0%	0%	0%	100%	100%



**Directors' Report (continued)**  
**Remuneration Report – Audited (continued)**

**Remuneration Details for the Year Ended 30 June 2016**

As disclosed in note 1, detailed accounting and corporate records are not available to allow the completion of the remuneration details for former directors and key management personnel for the year ended 30 June 2016.

The new directors did not receive any remuneration for the year ended 30 June 2016.

**Remuneration Details for the Year Ended 30 June 2015**

The following table of benefits and payments details, in respect to the 2015 and 2014 financial years, the components of remuneration for each director and member of KMP of the Group. The amounts have been calculated in accordance with Australian Accounting Standards.

Directors and Key Management Personnel Remuneration		Short-term				Post-employment	Other Long-term Benefits	Share-based Payments	Termination Benefits	Total
		Salary & Fees <sup>(1)</sup>	Cash Bonus <sup>(2)</sup>	Non-Cash Benefits	Other	Super-annuation <sup>(3)</sup>		Options / Perf. Rights <sup>(4)</sup>		
<b>Non-executive Directors</b>										
Shaun Scott ( <i>Chairman</i> )	2015	81,050	-	-	-	7,700	-	-	-	88,750
	2014	75,650	-	-	-	6,998	-	-	-	82,648
Stephen Bizzell	2015	49,583	-	-	-	-	-	-	-	49,583
	2014	50,000	-	-	-	-	-	-	-	50,000
Mark Snape	2015	55,365	-	-	-	5,260	-	-	-	60,625
	2014	48,140	-	-	-	4,453	-	-	-	52,593
Simon Keyser ( <i>Resigned 03/09/14</i> )	2015	7,916	-	-	-	-	-	-	-	7,916
	2014	47,500	-	-	-	-	-	-	-	47,500
<b>Subtotal - Non-executive Directors' remuneration</b>	2015	<b>193,914</b>	-	-	-	<b>12,959</b>	-	-	-	<b>206,873</b>
	2014	221,290	-	-	-	11,451	-	-	-	232,741
<b>Executive Directors</b>										
Jim Sturgess - Former MD ( <i>Resigned 24/12/14</i> )	2015	198,724	91,911	6,553	13,445	20,789	-	-	56,334	387,756
	2014	330,116	97,027	4,154	25,389	25,862	-	28,109	-	510,657
Jim Diakogiannis - Former Executive Director ( <i>Resigned 24/10/14</i> )	2015	62,557	62,211	6,094	15,805	4,636	-	-	-	151,303
	2014	292,940	66,906	2,964	22,534	25,000	-	18,316	-	428,660
<b>Subtotal - Executive directors' remuneration</b>	2015	<b>261,281</b>	<b>154,122</b>	<b>12,647</b>	<b>29,250</b>	<b>25,425</b>	-	-	<b>56,334</b>	<b>539,059</b>
	2014	623,056	163,933	7,118	47,923	50,862	-	46,425	-	939,317
<b>Key Management Personnel</b>										
Christine Hayward - CEO ( <i>Appointed 11/6/15</i> )	2015	258,300	-	4,368	21,842	15,653	-	75,000	-	375,163
	2014	-	-	-	-	-	-	-	-	-
Rowan Greene - CFO ( <i>Appointed 11/6/15</i> )	2015	176,156	39,125	3,640	11,538	17,127	248	-	-	247,834
	2014	-	-	-	-	-	-	-	-	-
Gus van der Heide - Former COO ( <i>Resigned 31/10/14</i> )	2015	94,172	54,315	3,640	15,731	14,660	-	-	57,692	240,210
	2014	300,000	63,264	2,964	23,077	41,162	-	24,577	-	455,044
David Thornton - Former CFO ( <i>Resigned 31/12/14</i> )	2015	84,419	34,137	5,825	7,958	6,558	-	-	-	138,897
	2014	220,912	38,905	4,154	17,121	16,659	-	24,577	-	322,328
<b>Subtotal - Key Management Personnel remuneration</b>	2015	<b>613,047</b>	<b>127,577</b>	<b>17,473</b>	<b>57,069</b>	<b>53,998</b>	<b>248</b>	<b>75,000</b>	<b>57,692</b>	<b>1,002,104</b>
	2014	520,912	102,169	7,118	40,198	57,821	-	49,154	-	777,372
<b>Total Directors and Key Management Personnel Remuneration</b>	2015	<b>1,068,242</b>	<b>281,699</b>	<b>30,120</b>	<b>86,319</b>	<b>92,383</b>	<b>248</b>	<b>75,000</b>	<b>114,026</b>	<b>1,748,037</b>
	2014	1,365,258	266,102	14,236	88,121	120,134	-	95,579	-	1,949,430

<sup>(1)</sup> Salary and Director's fees may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. Directors and executives are offered a competitive base salary that comprises the fixed component of salary and rewards. Base salaries are reviewed annually to ensure the rate is competitive with the market.

<sup>(2)</sup> A portion of the KMP salary is by way of an at risk bonus. This is subject to satisfactory completion of a set of predominantly profit-related KPIs and payable at the discretion of the Board. Amounts included in the table relate to performance for that year.

<sup>(3)</sup> Post-employment benefits consist of statutory superannuation that was calculated as 9.5% of the base pay. Stephen Bizzell and Simon Keyser's superannuation components are included in the Director's fees and are paid on receipt of invoice by Augend Limited. There are no other retirement benefits paid by Augend Limited.

<sup>(4)</sup> Option and performance rights values have been determined using the Black-Scholes and Monte Carlo methods.

<sup>(5)</sup> Termination benefits consists of payment in lieu of notice

<sup>(6)</sup> Includes remuneration for the whole period including pre / post appointment to/from the Key Management Personnel.

<sup>(7)</sup> Jim Diakogiannis continues to provide services to the Group on a consulting basis.

**Directors' Report (continued)**

**Remuneration Report – Audited (continued)**

**Remuneration Received that are not Performance Related**

No members of the KMP are entitled to receive securities that are not performance-based as part of their remuneration package. During the prior year the Board agreed a one-off retention bonus for Christine Hayward and Rowan Greene, the retention conditions were met as at 30 June 2015. The retention payment was payable on 2 July 2015 by way of cash or in Augend Shares (5 day VWAP to 30 June 2015). Augend issued 1,146,789 securities to Christine Hayward on 20 July 2015 and the retention payment to Rowan Greene was settled by way of cash.

**Share-based Payments**

**Options**

Movements in options held by KMP of the Group during the year are as follows:

30 June 2016	Balance at Beginning of Year	Issued During the Year	Exercised During the Year	Lapsed During the Year	Other Changes During the Year	Balance at End of Year
Stephen Bizzell						
<i>Director</i>	280,576	-	-	(280,576)	-	-
<b>Total</b>	<b>280,576</b>	<b>-</b>	<b>-</b>	<b>(280,576)</b>	<b>-</b>	<b>-</b>

**KMP Shareholdings**

The number of ordinary shares in Augend Limited held by each KMP of the Group during the financial year is as follows:

30 June 2016	Balance at Beginning of Year	Issued on Exercise of Options during the Year	Issued on Vesting of Performance Rights during the Year	Other Changes during the Year <sup>1</sup>	Balance at End of Year
Shaun Scott	2,541,401	-	-	(2,541,401)	-
Stephen Bizzell	2,261,285	-	-	(2,261,285)	-
Mark Snape	233,355	-	-	(233,355)	-
Rowan Greene	87,871	-	-	(87,871)	-
Christine Hayward	-	-	-	-	-
Rupert Cheong	-	-	-	-	-
Derek Jones	-	-	-	-	-
Robert Di Russo	-	-	-	-	-
Keong Chan	-	-	-	-	-
<b>Total</b>	<b>5,123,912</b>	<b>-</b>	<b>-</b>	<b>(5,123,912)</b>	<b>-</b>

1. Includes shares held on resignation.

**Other Equity-related KMP Transactions**

There have been no other transactions involving equity instruments other than those described in the tables and information above relating to options, performance rights and shareholdings.

**Other Transactions with KMP and/or their Related Parties**

As disclosed in note 1, detailed accounting and corporate records are not available to allow the completion of the remuneration details for former directors and key management personnel for the year ended 30 June 2016.

In relation to the new directors, there were no transactions conducted between the Company and KMP or their related parties that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

**End of Remuneration report - audited**

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Keong Chan  
Director

Dated: 19 October 2016



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## DECLARATION OF INDEPENDENCE BY C J SKELTON TO THE DIRECTORS OF AUGEND LIMITED

As lead auditor of Augend Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Augend Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read 'C J Skelton', with a long horizontal flourish extending to the right.

**C J Skelton**  
Director

**BDO Audit Pty Ltd**

Brisbane, 19 October 2016

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED  
30 JUNE 2016**

	Note	Consolidated Group	
		2016 \$	2015 \$
<b>Revenue</b>	2	88,900	43,003,000
<b>Expenses</b>			
Drilling and consumables		-	(3,291,000)
Camp expenses		-	(11,657,000)
Logistics expenses		-	(883,000)
Catering expenses		-	(4,879,000)
Hire expenses		-	-
Depreciation and amortisation expense		(48,587)	(2,559,000)
Employee benefits expense		(551,393)	(20,738,000)
Travel and accommodation		(7,295)	(1,027,000)
Motor vehicle lease and maintenance		(670)	(898,000)
Finance costs	2	(10,743)	(1,155,000)
Investment review costs		-	(524,000)
Corporate restructuring expenses		-	(1,864,000)
Corporate refinancing expenses		-	(601,000)
Gain on disposal of PP&E		51,097	-
Gain on settlement of DOCA		6,347,565	-
Impairment of assets	2	(384,184)	(27,394,000)
Administration and other expenses		(1,925,192)	(5,748,000)
<b>Profit / (loss) before income tax</b>		<b>3,559,498</b>	<b>(40,215,000)</b>
Income tax (expense) / benefit	4	2,940,240	721,000
<b>Profit / (loss) from continuing operations</b>		<b>6,499,738</b>	<b>(39,494,000)</b>
Profit / (loss) from discontinued operations (after tax)	3	(24,141,599)	(11,064,000)
<b>Profit (loss) for the year</b>		<b>(17,641,861)</b>	<b>(50,558,000)</b>
<b>Other comprehensive income</b>			
Other comprehensive income / (loss) for the year, net of tax		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>(17,641,861)</b>	<b>(50,558,000)</b>
Profit / (loss) attributable to members of the parent entity		<b>(17,641,861)</b>	<b>(50,558,000)</b>
Total comprehensive income / (loss) attributable to members of the parent entity		<b>(17,641,861)</b>	<b>(50,558,000)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
<b>From continuing and discontinued operations</b>			
• basic earnings / (loss) per share (cents)	18	(799.0)	(3,223.1)
• diluted earnings / (loss) per share (cents)	18	(799.0)	(3,223.1)
<b>Earnings per share</b>			
<b>From continuing operations:</b>			
• basic earnings / (loss) per share (cents)	18	287.0	(2,517.8)
• diluted earnings / (loss) per share (cents)	18	287.0	(2,517.8)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016

	Note	Consolidated Group	
		2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	107,281	1,141,016
Trade and other receivables	7	-	1,000,990
Inventories	8	-	784,204
<b>Total current assets</b>		<b>107,281</b>	<b>2,926,210</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	-	17,815,653
Deferred tax assets	12	-	-
Intangible assets	10	-	-
<b>Total non-current assets</b>		<b>-</b>	<b>17,815,653</b>
<b>Total assets</b>		<b>107,281</b>	<b>20,741,863</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	-	2,679,694
Current tax liabilities	12	-	816
Provisions	13	45,203	328,130
Other current liabilities	14	-	393,583
<b>Total current liabilities</b>		<b>45,203</b>	<b>3,402,223</b>
<b>Non-current liabilities</b>			
Provisions	13	-	37,169
<b>Total non-current liabilities</b>		<b>-</b>	<b>37,169</b>
<b>Total liabilities</b>		<b>45,203</b>	<b>3,439,392</b>
<b>NET ASSETS</b>		<b>62,078</b>	<b>17,302,471</b>
<b>EQUITY</b>			
Issued capital	15	51,178,114	50,479,008
Reserves	16	-	296,094
Accumulated losses		(51,116,036)	(33,472,631)
<b>TOTAL EQUITY</b>		<b>62,078</b>	<b>17,302,471</b>

The accompanying notes form part of these financial statements.

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

Consolidated Group	Note	Ordinary Share Capital \$	Retained Earnings \$	Share Based Payments Reserve \$	Total \$
<b>Balance at 1 July 2014</b>		<b>45,761,062</b>	<b>18,992,316</b>	<b>856,248</b>	<b>65,609,626</b>
<b>Comprehensive income</b>					
Profit / (loss) for the year		-	(50,558,000)	-	(50,558,000)
<b>Total comprehensive income / (loss) for the full year</b>		-	(50,558,000)	-	(50,558,000)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Issue of ordinary shares		4,450,000	-	-	4,450,000
Dividends paid		-	(2,037,867)	-	(2,037,867)
Dividend reinvestment plan		364,536	-	-	364,536
Performance rights and options converted		752,410	-	(752,410)	-
Performance rights and options granted		-	-	396,256	396,256
Performance rights and options lapsed		-	130,920	(204,000)	(73,080)
Transaction costs		(849,000)	-	-	(849,000)
<b>Total transactions with owners and other transfers</b>		<b>4,717,946</b>	<b>(1,906,947)</b>	<b>(560,154)</b>	<b>2,250,845</b>
<b>Balance at 30 June 2015</b>		<b>50,479,008</b>	<b>(33,472,631)</b>	<b>296,094</b>	<b>17,302,471</b>
<b>Comprehensive income</b>					
Profit / (loss) for the year		-	(17,641,861)	-	(17,641,861)
<b>Total comprehensive income / (loss) for the full year</b>		-	(17,641,861)	-	(17,641,861)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Issue of ordinary shares	15	714,614	-	(74,614)	640,000
Performance rights and options lapsed		-	-	(221,480)	(221,480)
Transaction costs	15	(15,508)	(1,544)	-	(17,052)
<b>Total transactions with owners and other transfers</b>		<b>699,106</b>	<b>(1,544)</b>	<b>(296,094)</b>	<b>401,468</b>
<b>Balance at 30 June 2016</b>		<b>51,178,114</b>	<b>(51,116,036)</b>	<b>-</b>	<b>62,078</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
30 JUNE 2016**

	Note	Consolidated Group	
		2016 \$	2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		7,270,558	69,177,000
Payments to suppliers and employees (inclusive of GST)		(12,192,198)	(71,683,000)
Interest received		88,900	45,000
Finance costs		(13,069)	(1,168,000)
Income tax (payment)/receipt		2,225,519	(552,000)
<b>Net cash provided by / (used in) operating activities</b>	24	<b>(2,620,290)</b>	<b>(4,181,000)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant, property and equipment		(7,782)	(1,636,000)
Proceeds from disposal of plant, property and equipment		971,775	730,000
Proceeds from disposal of subsidiary	3	-	12,510,000
<b>Net cash provided by (used) in investing activities</b>		<b>963,993</b>	<b>11,604,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net (repayment of) / proceeds from borrowings		-	(12,914,000)
Proceeds from issue of shares		640,000	4,815,000
Capital raising costs paid		(17,438)	(403,000)
Dividends paid		-	(2,038,000)
<b>Net cash (used in)/provided by financing activities</b>		<b>622,562</b>	<b>(10,540,000)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(1,033,735)</b>	<b>(3,117,000)</b>
Cash and cash equivalents at beginning of year		1,141,016	4,258,016
<b>Cash and cash equivalents at end of year</b>	6	<b>107,281</b>	<b>1,141,016</b>

The accompanying notes form part of these financial statements.

## Notes to the financial statements for the year ended 30 June 2016

These consolidated financial statements and notes represent those of Augend Limited (the Company) and its Controlled Entities (the Group). Augend Limited is a public company incorporated and domiciled in Australia. The Company was incorporated on 28 March 2011, and listed on the Australian Securities Exchange on 7 December 2011.

The separate financial statements of the parent entity, Augend Limited, have not been presented within the financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on by the directors of the Company.

### Note 1: Summary of Significant Accounting Policies

#### Basis of Preparation

Where possible (refer note on Incomplete financial information below), these general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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.

#### 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 settlement of liabilities in the normal course of business.

All subsidiaries of the company were liquidated and the company realised a loss on discontinued operations of \$24,141,599. The company underwent a Deed of Company Arrangement on 23 March 2016 and this was settled on 16 June 2016 resulting in a gain of \$6,347,565. The company has raised \$640,000 for working capital and used \$500,000 to settle all outstanding debts it had under the Deed of Company Arrangement. The Company has \$62,078 in working capital and net assets as at 30 June 2016.

The ability of the company to continue as a going concern is principally dependent upon the following conditions:

- the ability of the company to meet its cashflow forecasts;
- the ability of LBCap Pty Ltd to provide financial support as required from time to time; and
- the ability of the company to raise capital, as and when necessary.

These conditions give rise to material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- the Company will be financially supported by LBCap Pty Ltd; and
- the recapitalisation of the Company, will raise necessary capital for requirements going forward.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

#### Incomplete financial information

Due to the turnover of previous staff and officers, the parent company being subject to external administration and the liquidation of all subsidiaries, complete accounting records for the Group have not been able to be located. For the year ended 30 June 2016 this has led to insufficient information being available to support several material transactions and the disclosures required in the remuneration report.



**Notes to the financial statements for the year ended 30 June 2016**

**Note 1: Summary of Significant Accounting Policies (continued)**

The Directors are of the opinion that it is not possible to state that the audited Remuneration Report disclosures, financial statements and notes are in accordance with the requirements of the Corporations Act 2001, due to the lack of records and certainty in connection with material transactions during the year ended 30 June 2016.

It is noted by the Directors that while historical records are incomplete, the absence of these records is not expected to significantly detract from the Company's ability to maintain proper books and records for the period from 14 April 2016, when the current directors were appointed. Therefore, the absence of records due to the turnover of previous staff and officers, the parent company being subject to external administration and the liquidation of all subsidiaries, primarily affects the historical records of the Company and the Group rather than its ability to continue the Company's retained operations.

**(a) Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Augend Limited, and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 20.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as 'non-controlling interests'. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs (with the exception of stamp duty) incurred in relation to business combinations are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(a) Principles of Consolidation (Continued)**

**Goodwill**

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
  - (ii) any non-controlling interest; and
  - (iii) the acquisition date fair value of any previously held equity interest;
- over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination shall form the cost of the investment in the separate financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity disposed.

**(b) Income Tax**

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

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

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

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

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

**Tax Consolidation Legislation**

Augend Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 23 September 2011. This was terminated on 23 March 2016 when the company entered into a Deed of Company Arrangement and all subsidiaries were liquidated.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(c) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**Property**

The Group held no property during the year.

**Plant and Equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in either profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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

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

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

**Depreciation**

The depreciable amount of all motor vehicles and plant and equipment is depreciated on a straight-line basis over the asset's useful life to the consolidated Group commencing from the time the asset is held ready for use.

The depreciable amount of drill rigs, camps and rental assets are depreciated on a unit of production basis, with usage calculated by the actual number of days in use.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Drill Rigs	10%
Camps	10%
Motor Vehicles	15 – 30%
Plant and Equipment	10 – 33.33%

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

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

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

**Notes to the financial statements for the year ended 30 June 2016**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(d) Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated Group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

**(e) Financial Instruments**

**Recognition and Initial Measurement**

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

**Classification and Subsequent Measurement**

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

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

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

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

*(i) Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*(ii) Loans and Receivables*

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

**Notes to the financial statements for the year ended 30 June 2016**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(e) Financial Instruments (continued)**

**Classification and Subsequent Measurement (continued)**

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

*(iii) Financial Liabilities*

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

**Impairment**

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**De-recognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**(f) Impairment of Assets**

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

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(g) Foreign Currency Transactions and Balances**

**Functional and Presentation Currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

**Transactions and Balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

**(h) Employee Benefits**

**Short-Term Employee Benefits**

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other Long-Term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within twelve months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least twelve months after the end of the reporting period, in which case the obligations are presented as current provisions.

**Retirement Benefit Obligations**

*Defined Contribution Superannuation Benefits*

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(h) Employee Benefits (continued)**

**Equity-Settled Compensation**

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share based payments reserve. The fair value of options is determined using the Black-Scholes pricing model. The fair value of performance rights issued is determined using the Monte Carlo method.

The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

The employee share ownership plan is administered by the Augend Equity Plan trust (Trust). When options and performance rights are exercised, the Trust transfers the appropriate number of shares to the employee. Any proceeds received, net of directly attributable costs, are credited directly to equity.

**(i) Provisions**

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

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(j) Cash and Cash Equivalents**

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

**(k) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is recognised using the effective interest method.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

**(l) Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within twelve months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(e) for further discussion on the determination of impairment losses.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(m) Inventories**

Inventory includes goods available for sale, and material and spare parts to be used in constructing and maintaining the assets held by the Group, as well as stock held for the provision of catering services. Inventories are valued at the lower of cost and net realisable value.

Net realisable value of items expected to be consumed, for example used in the construction of another asset, is the net value expected to be earned through future use.

**(n) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**(o) Unearned Revenue**

Revenue received in advance is deferred and recognised as a current liability. Unearned revenue is recognised as revenue in the statement of comprehensive income when the service or event to which the revenue relates has occurred.

**(p) Borrowing Costs**

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

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

**(q) Goods and Services Tax (GST)**

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**(r) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group has retrospectively applied an accounting policy, made a material retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.



**Notes to the financial statements for the year ended 30 June 2016**

**Note 1: Summary of Significant Accounting Policies (continued)**

**(s) Critical Accounting Estimates and Judgments**

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

**Key Estimates**

*(i) Impairment – General*

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations, which incorporate various key assumptions, and/or fair market values.

In light of the appointment of voluntary administrators to the Group, the Directors at the time considered that the only appropriate valuations when assessing impairment to inventory and property, plant and equipment are historical cost and fair market value. Fair market value was obtained from recent third-party independent expert valuation or values achieved in realisation of the assets in liquidation.

The independent expert valuation was performed by Russell Keast, Director of Valuations, Hassall's on 3<sup>rd</sup> December 2015. It was based on an orderly liquidated sale valuation, consistent with the Company's plans. The key assumptions involved the use of a Market Sales Comparison approach based on the age, condition, replacement cost and current market demand of the assets.

Inventory and property, plant and equipment were written down in the statement of financial position to the following values:

• Inventory	\$482,455
• Property, plant and equipment	\$6,702,520

In light of the appointment of receivers and subsequent liquidation of the subsidiaries the Company lost control of these entities and thus the assets above were forgone by the Company resulting in a further loss. Refer to note 3 for details of transactions recorded in discontinued operations. There is no remaining carrying value recorded in the statement of financial position for any non-financial assets.

*(ii) Estimated Useful Lives of Property, Plant and Equipment*

The Group's management determines the useful lives and related depreciation charges for items of property, plant and equipment. Management estimate the useful lives of the Group's assets based on their experience with similar assets in the industry. Management monitor the useful lives of the assets and will adjust the depreciation charge where the estimated useful lives are revised.

**(t) New Accounting Standards for Application in Future Periods**

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below. The Company does not expect to adopt the new standards before their operative date. The Company is currently evaluating the impact of the new standards, however they are not expected to have a material impact on the Company. There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

At the date of authorisation of the financial report, the following relevant Standards and Interpretations were issued but not yet effective:

- (i) AASB 9 Financial Instruments (December 2014) and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018);
- (ii) AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018);
- (iii) AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

**Notes to the financial statements for the year ended 30 June 2016**

**Note 2: Profit/(Loss) from continuing operations**

	Consolidated Group	
	2016	2015
<b>Revenue</b>	<b>\$</b>	<b>\$</b>
<b>From Continuing Operations</b>		
Services revenue	-	42,903,000
Interest revenue	88,900	45,000
Net gain/(loss) on disposal of property, plant and equipment	-	55,000
<b>Total revenue and other income from continuing operations</b>	<b>88,900</b>	<b>43,003,000</b>
<b>Expenses</b>		
Profit before income tax from continuing operations includes the following specific expenses:		
<i>Share based payment expense unwound on lapse of options</i>	(221,094)	(204,000)
<i>Impairment charges</i>		
Goodwill	-	5,276,000
Inter-entity loans and other liabilities	-	-
Inventory	-	726,000
Property, plant and equipment	384,184	21,392,000
	<b>384,184</b>	<b>27,394,000</b>
<i>Finance costs</i>		
Interest and finance charges paid	10,743	932,000
Borrowing costs amortisation	-	223,000
	<b>10,743</b>	<b>1,155,000</b>

**Notes to the financial statements for the year ended 30 June 2016**

**Note 3: Discontinued Operations**

On 5 February 2016 all subsidiary companies were placed into receivership, at which point control was lost. The financial performance and cash flow information for the discontinued operations to the date of disposal are as follows:

**(a) Financial performance and cash flow information**

	2016 \$	2015 \$
<b>Revenue</b>	6,770,140	7,223,000
<b>Expenses</b>		
Direct costs	(7,668,437)	-
Depreciation and amortisation expense	(518,045)	-
Employee benefits expense	(2,679,746)	-
Finance costs	(2,326)	-
Impairment of assets	(9,887,716)	-
Administration and other expenses	(2,369,138)	(5,588,000)
Loss on disposal of subsidiaries	(7,543,787)	(12,222,000)
Gain on disposal of PP&E	471,361	-
<b>Profit / (loss) before income tax</b>	<b>(23,427,694)</b>	<b>(10,587,000)</b>
Income tax (expense) / benefit	(713,905)	(477,000)
<b>Profit (loss) from discontinued operations (after tax)</b>	<b>(24,141,599)</b>	<b>(11,064,000)</b>

	2016 \$	2015 \$
Net cash provided by / (used in) operating activities	(1,049,609)	445,000
Net cash provided by (used) in investing activities	963,775	(445,000)
Net cash (used in)/provided by financing activities	-	-
<b>Net cash flow generated by the discontinued operation</b>	<b>(85,834)</b>	<b>-</b>

**(b) The assets and liabilities of the discontinued subsidiaries as at 5 February 2016 are as follows:**

	2016 \$
Property, plant and equipment	6,702,520
Inventory	482,454
Trade receivables	358,813
<b>Total assets</b>	<b>7,543,787</b>
Liabilities assumed by parent	5,556,493
<b>Total liabilities</b>	<b>5,556,493</b>
<b>Net assets</b>	<b>1,987,294</b>

**Notes to the financial statements for the year ended 30 June 2016**  
**Note 3: Discontinued Operations (continued)**

(c) The loss on sale of the division has been calculated as follows:

	2016	2015
	\$	\$
Consideration received/receivable - cash	-	12,510,000
Transaction costs	-	(736,000)
Liabilities assumed by parent	(5,556,493)	-
<b>Total disposal consideration</b>	<b>(5,556,493)</b>	<b>11,774,000</b>
Carrying amount of net assets disposed	(1,987,294)	(23,996,000)
<b>Loss on disposal before income tax</b>	<b>(7,543,787)</b>	<b>(12,222,000)</b>
Income tax expense	-	-
<b>Loss on disposal after income tax</b>	<b>(7,543,787)</b>	<b>(12,222,000)</b>

**Notes to the financial statements for the year ended 30 June 2016**

**Note 4: Income Tax Expense**

	Consolidated Group	
	2016 \$	2015 \$
<b>a) The components of tax expense comprise:</b>		
<i>Current tax</i>		
Current tax on profits for current year	-	-
Adjustments for current tax of prior periods	(2,226,335)	(244,000)
<b>Total current tax expense</b>	<b>(2,226,335)</b>	<b>\$244,000</b>
<i>Deferred tax</i>		
Decrease (increase) in deferred tax assets (note 13)	-	-
(Decrease) increase in deferred tax liabilities (note 13)	-	-
<b>Total deferred tax expense/(benefit)</b>	<b>-</b>	<b>-</b>
<b>Income tax expense</b>	<b>-</b>	<b>(244,000)</b>
<i>Income tax expense is attributable to:</i>		
Profit from continuing operations	(2,940,240)	(721,000)
Profit from discontinued operation	713,905	477,000
	<b>(2,226,335)</b>	<b>(244,000)</b>
<b>b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:</b>		
Profit from continuing operations before income tax expense	3,559,498	(39,494,000)
Profit from discontinuing operation before income tax expense	(23,427,694)	(11,064,000)
	<b>(19,868,196)</b>	<b>(50,558,000)</b>
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2014: 30%)	(5,960,459)	(15,377,000)
Add tax effect of:		
• Other non-allowable items	966,285	11,000
• DTA arising from discontinued operations not brought to account	4,994,174	6,839,000
• DTA arising from revenue losses not brought to account	-	3,753,000
• Impairment expense	-	1,583,000
• Loss on disposal of subsidiary	-	3,191,000
• Under / (over) provision for income tax in prior year	(2,226,335)	(244,000)
	<b>(2,226,335)</b>	<b>(244,000)</b>
Less tax effect of:		
• Deductible employee share scheme contributions	-	-
<b>Income tax attributable to entity</b>	<b>(2,226,335)</b>	<b>(244,000)</b>
The applicable weighted average effective tax rates are as follows	<b>(11.2%)</b>	<b>(0.48%)</b>

**Tax Consolidation**

**(i) Members of the Tax Consolidated Group and the Tax Sharing Arrangement**

Augend Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 23 September 2011 to 12 March 2016. Augend Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 4: Income Tax Expense (continued)**

**(ii) Tax Effect Accounting by Members of the Tax Consolidated Group**

*Measurement method adopted under AASB interpretation 1052 tax consolidation accounting*

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the stand-alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and used tax credits assumed from controlled entities in the tax consolidated group.

*Nature of the Tax Funding Agreement*

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement, the funding of tax within the Group is based on the stand-alone taxpayer approach. The tax funding agreement requires payment to / from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

**Note 5: Operating Segments**

All segments were discontinued and written off after the appointment of receivers to the subsidiary companies. The Company now consists of a single segment, as reported to the new Directors. The information presented below for the year ended 30 June 2016 represents a description of the segments that existed prior to the appointment of the new Directors. A detailed operating segment note is not presented, based on the limited information available during the year. As disclosed in note 1, detailed accounting records are not available to allow the completion of this information prior to that date.

**(a) Description of Segments**

The Group has determined the operating segments based on the internal reports reviewed by the Board of Directors that are used to make strategic decisions.

The following segments had historically been identified by the Group:

**Drill Rigs**

Atlas Drilling Co Pty Ltd (Atlas) currently owns and operates four exploration and production rigs. During the financial year, only three rigs were contracted for the provision of drilling services, Rig 4 was not contracted. As at the date of this report, one rig is operating with a junior explorer and operator on a three well exploration program. Atlas's other rigs are currently being marketed to potential customers.

The rig packages are self contained and include drilling rigs, drill pipe, tanks, generators, offices and accommodation. Staff work on a roster basis. Meals and accommodation are provided whilst on roster.

**Camps**

Resources Camp Hire (RCH) is a portable camp hire business. The camps are self-contained units utilising shipping containers. The containers are designed for frequent transportation and are purpose built for remote applications. RCH was initially focused on CSG drilling clients. However, since acquisition by the Group, it has extended its customer base to include road, civil and construction industries.

Over the course of the year, RCH capacity reduced to 557 rooms in response to the changing market conditions (1,138 rooms at 30 June 2014). Contracts historically range from three to nine months, with a usual term of six months. There are presently no rooms on hire however tender responses have been issued for a total number of rooms in excess of the company's available capacity.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 5: Operating Segments (continued)**

**Catering**

Nektar provides catering and camp management services to remote sites. The business is not currently servicing any clients.

**Logistics**

Base Logistics was launched by the Group in December 2013 to provide water and waste transportation services to camps. The business serviced temporary and permanent camps utilising potable water tankers and vacuum tankers for waste removal.

**Note 6: Cash and Cash Equivalents**

	Consolidated Group	
	2016	2015
	\$	\$
Cash at bank and on hand	107,281	1,141,016
<b>Total cash and cash equivalents</b>	<b>107,281</b>	<b>1,141,016</b>

**Reconciliation of Cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Consolidated Group	
	2016	2015
	\$	\$
Cash and cash equivalents	107,281	1,141,016
	<b>107,281</b>	<b>1,141,016</b>

**Risk Exposure**

The Company's exposure to interest rate risk is discussed in Note 25. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

**Note 7: Trade and Other Receivables**

	Consolidated Group	
	2016	2015
	\$	\$
Trade receivables	-	492,827
Provision for doubtful debts	-	(161,119)
Other receivables	-	28,387
Accrued revenue	-	5,400
Deposits paid	-	272,040
GST receivable	-	118,870
Prepayments	-	244,585
<b>Total trade and other receivables</b>	<b>-</b>	<b>1,000,990</b>

**Notes to the financial statements for the year ended 30 June 2016**

**Note 7: Trade and Other Receivables (continued)**

**Provision for doubtful debts**

The movement in the allowance for impairment of trade receivables recognised in provision for doubtful debts during the year was as follows:

	Consolidated Group	
	2016	2015
	\$	\$
Opening balance	(161,000)	(30,000)
Impairment loss recognised	-	(161,000)
Amounts written off	161,000	30,000
<b>Closing balance</b>	<b>-</b>	<b>(161,000)</b>

Other classes within trade and other receivables do not contain impaired assets. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

**Note 8: Inventories**

	Consolidated Group	
	2016	2015
	\$	\$
Spare parts and stores	-	1,828,204
Provision for obsolescence	-	(318,000)
Provision for impairment (refer Note 2)	-	(726,000)
<b>Total inventories</b>	<b>-</b>	<b>784,204</b>

**Note 9: Property, Plant and Equipment**

	Consolidated Group	
	2016	2015
	\$	\$
<b>Drill Rigs</b>		
At cost	-	28,493,740
Accumulated depreciation	-	(8,884,000)
Accumulated impairment	-	(10,092,000)
	-	9,517,740
<b>Camps</b>		
At cost	-	22,918,327
Accumulated depreciation	-	(5,992,000)
Accumulated impairment	-	(10,330,000)
	-	6,596,327
<b>Motor Vehicles</b>		
At cost	-	3,542,380
Accumulated depreciation	-	(2,018,000)
Accumulated impairment	-	(423,000)
	-	1,101,380
<b>Plant and Equipment</b>		
At cost	-	2,432,206
Accumulated depreciation	-	(1,377,000)
Accumulated impairment	-	(455,000)
	-	600,206
<b>Total property, plant and equipment</b>	<b>-</b>	<b>17,815,653</b>



**Notes to the financial statements for the year ended 30 June 2016**

**Note 9: Property, Plant and Equipment (continued)**

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Drill Rigs \$	Camps \$	Motor Vehicles \$	Plant and Equipment \$	Total \$
Balance at 1 July 2014	20,248,811	17,937,166	1,791,029	8,290,737	48,267,743
Additions	288,426	133,442	224,239	271,705	917,812
Transfers	(72,116)	7,350	-	(7,350)	(72,116)
Disposal of subsidiary	-	-	(37,222)	(6,977,418)	(7,014,640)
Disposals – written down value	-	(286,702)	(36,549)	(100,154)	(423,405)
Depreciation expense	(854,804)	(864,864)	(417,593)	(422,124)	(2,559,385)
Impairment losses	(10,092,577)	(10,330,065)	(422,524)	(455,190)	(21,300,356)
<b>Carrying amount at 30 June 2015</b>	<b>9,517,740</b>	<b>6,596,327</b>	<b>1,101,380</b>	<b>600,206</b>	<b>17,815,653</b>
Additions	-	7,782	-	-	7,782
Transfers	14,896	-	-	(14,896)	-
Disposals – written down value	(7,347)	(523,341)	(262,399)	(281,596)	(1,074,683)
Depreciation expense	(125,872)	(204,065)	(123,387)	(113,308)	(566,632)
Loss of control of subsidiary	(4,228,945)	(2,271,960)	(201,615)	-	(6,702,520)
Impairment losses	(5,170,472)	(3,604,743)	(513,979)	(190,406)	(9,479,600)
<b>Carrying amount at 30 June 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The information presented above for the year ended 30 June 2016 represents best estimate of the movements during the period up to the disposal of the subsidiaries based on the limited information available. As disclosed in note 1, detailed accounting records are not available to allow the completion of this information prior to that date.

**Note 10: Intangible Assets**

	Consolidated Group	
	2016 \$	2015 \$
<b>Goodwill</b>		
Cost	-	5,276,000
Accumulated impairment losses/loss of control of subsidiary	-	(5,276,000)
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>
Balance at the beginning of the year	-	20,412,000
Disposal of subsidiary	-	(15,136,000)
Accumulated impairment losses	-	(5,276,000)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

**Note 11: Trade and Other Payables**

	Consolidated Group	
	2016 \$	2015 \$
Trade payables	-	1,259,694
Other creditors	-	1,420,000
GST payable	-	-
<b>Total trade and other payables</b>	<b>-</b>	<b>2,679,694</b>

Notes to the financial statements for the year ended 30 June 2016

**Note 12: Tax**

	Consolidated Group	
	2016	2015
	\$	\$
<b>Current</b>		
Income tax payable	-	-
Total current income tax payable	-	-

**Non-current**

	Opening Balance	Under / (Over) Provision	Additions through Business Combinations	Charged to Income	Charged Directly to Equity	DTA Not Brought to Account	Closing Balance
	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated Group</b>							
<b>Deferred tax liability</b>							
Property plant and equipment:							
• Tax allowances	586,000	-	-	(586,000)	-	-	-
<b>Balance at 30 June 2015</b>	<b>586,000</b>	-	-	<b>(586,000)</b>	-	-	-

Property plant and equipment:							
• Tax allowances	-	-	-	-	-	-	-
<b>Balance at 30 June 2016</b>	-	-	-	-	-	-	-

**Deferred tax assets**

Provisions	642,000	-	-	131,000	-	(773,000)	-
Property plant and equipment:							
• Tax allowances	-	-	-	6,344,000	-	(6,344,000)	-
Transaction costs on equity issue	369,000	-	-	(185,000)	121,000	(305,000)	-
Other	21,000	-	-	(21,000)	-	-	-
<b>Balance at 30 June 2015</b>	<b>1,032,000</b>	-	-	<b>6,269,000</b>	<b>121,000</b>	<b>(7,422,000)</b>	-

Provisions	-	-	-	-	-	-	-
Transaction costs on equity issue	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Balance at 30 June 2016</b>	-	-	-	-	-	-	-

	Consolidated Group	
	2016	2015
	\$	\$
<b>Set-off of Tax</b>		
Deferred tax asset	-	-
Deferred tax liability	-	-
<b>Net tax asset</b>	-	-

Following the recapitalisation of the company and the change in the nature of the business all previous carried forward tax losses were forfeit.

Notes to the financial statements for the year ended 30 June 2016

**Note 13: Provisions**

	Consolidated Group	
	2016	2015
<b>Current</b>	\$	\$
Provision for employee entitlements - Current	-	128,000
Other provisions for accrued expenses - Current	45,203	200,130
<b>Total current provisions</b>	<b>45,203</b>	<b>328,130</b>
<b>Non-current</b>		
Provision for employee entitlements - Non-current	-	37,169
<b>Total non-current provisions</b>	<b>-</b>	<b>37,169</b>

**Note 14: Other Current Liabilities**

	Consolidated Group	
	2016	2015
	\$	\$
Unearned revenue	-	393,583
<b>Total other current liabilities</b>	<b>-</b>	<b>393,583</b>

**Note 15: Issued Capital**

	2016	2015	2016	2015
	Shares	Shares	\$	\$
<b>a) Issued Capital</b>				
Ordinary shares – fully paid	83,044,877	80,648,283	51,178,114	50,479,008
<b>Total issued capital</b>	<b>83,044,877</b>	<b>80,648,283</b>	<b>51,178,114</b>	<b>50,479,008</b>

**Ordinary Shares**

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

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

Ordinary shares have no par value, and the Company does not have a limited amount of authorised share capital.

**b) Movements in Ordinary Share Capital during the Year**

Date	Details	Note	#	Issue Price	\$
01 Jul 2015	Opening balance		80,648,283		50,479,008
20 July 2015	Share issue	(i)	1,146,789	\$0.07	74,614
30 June 2016	Consolidation of shares	(ii)	-79,750,195	-	-
30 June 2016	Issue of new shares	(iii)	34,000,000	\$0.005	170,000
30 June 2016	Issue of new shares	(iii)	47,000,000	\$0.01	470,000
	Transaction costs arising on share issue				(15,508)
			<b>83,044,877</b>		<b>51,178,114</b>

- i) On 20 July 2015, 1,146,789 ordinary shares were issued in accordance with the Company's Performance Rights Plan.
- ii) Further to the Deed of Company Arrangement, consolidation of shares on the basis that every 40 shares be consolidated into 1 share.
- iii) Post consolidation, 34 million shares were issued at \$0.005 per share and 47 million shares were issued at \$0.01 per share.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 15: Issued Capital (continued)**

**c) Capital Management**

Management controls the capital of the Company in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Company can fund its operations and continue as a going concern.

The Company's debt and capital includes ordinary share capital and financial liabilities, supported by its assets.

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The capital management strategy adopted by management to control the capital of the Company continues to be monitored and reviewed as business trading conditions change.

**Note 16: Reserves**

	Consolidated Group	
	2016 \$	2015 \$
<b>Share Based Payments Reserve</b>		
Balance at 1 July	296,094	856,248
Option expense	-	105,000
Options lapsed	(221,480)	(131,000)
Retention payment expense	-	74,614
Retention payment converted	(74,614)	-
Performance rights expense	-	216,642
Performance rights converted	-	(752,410)
Performance rights lapsed	-	(73,000)
Balance at 30 June	-	296,094

The share based payments reserve is used to recognise:

- The grant date fair value of options issued to employees but not exercised.
- The grant date fair value of performance rights attaching to shares not yet issued.

**Note 17: Dividends**

	Consolidated Group	
	2016 \$	2015 \$
<b>a) Ordinary shares</b>		
Fully franked final dividend for the year ended 30 June 2014 – 4.0 cents per share	-	2,038,000
	-	2,038,000
Paid in cash	-	1,673,000
Satisfied under the Dividend Reinvestment Plan	-	365,000
<b>Total Dividends</b>	-	<b>2,038,000</b>

**b) Franked dividends**

	Parent entity	
	2016 \$	2015 \$
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2015 – 30%)	13,495,000	13,495,000

The above amount represents the balance of the franking account as at the end of the reporting period. It has not been adjusted for any decrease in franking credits that may arise from the amended tax returns lodged by the Company subsequent to year end.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 18: Earnings Per Share**

	2016 Cents	2015 Cents
<b>a) Basic Earnings / Loss Per Share <sup>1</sup></b>		
From continuing operations attributable to the ordinary equity holders of the Company	287.0	(2,517.8)
From discontinued operations attributable to the ordinary equity holders of the Company	(1,066.0)	(705.3)
<b>Total basic earnings / loss per share attributable to the ordinary equity holders of the Company</b>	<b>(799.0)</b>	<b>(3,223.1)</b>
<b>b) Diluted Earnings / Loss Per Share <sup>1</sup></b>		
From continuing operations attributable to the ordinary equity holders of the Company	287.0	(2,517.8)
From discontinued operations attributable to the ordinary equity holders of the Company	(1,066.0)	(705.3)
<b>Total diluted earnings / loss per share attributable to the ordinary equity holders of the Company</b>	<b>(799.0)</b>	<b>(3,223.1)</b>

<sup>(1)</sup> EPS previously reported at 30 June 2014 has been retrospectively adjusted to reflect the impact of the shares issued during the current year that, if in existence at 30 June 2014, would have impacted the EPS calculation, per the requirements of AASB133 (FP) Earnings Per Share.

**c) Reconciliation of Earnings Used in Calculating Earnings Per Share**

	2016 \$	2015 \$
<b>Basic Earnings per Share</b>		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	6,499,738	(39,494,000)
From discontinued operations	(24,141,599)	(11,064,000)
	<b>(17,641,861)</b>	<b>(50,558,000)</b>
<b>Diluted Earnings per Share</b>		
Profit/(loss) attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share:		
From continuing operations	6,499,738	(39,494,000)
From discontinued operations	(24,141,599)	(11,064,000)
	<b>(17,641,861)</b>	<b>(50,558,000)</b>

**d) Weighted Average Number of Shares Used as the Denominator**

	Number of Shares	Number of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,264,700	1,568,596*
Adjustments for calculation of diluted earnings per share:		
• Options	-	-
• Performance rights	-	-
Weighted average number of ordinary shares and potential ordinary share used as the denominator in calculating diluted earnings per share	2,264,700	1,568,596*

\* restated for the effects of the 40 for 1 share consolidation

**Notes to the financial statements for the year ended 30 June 2016**

**Note 19: Related Party Transactions**

The information presented below for the year ended 30 June 2016 represents the period since the new Directors took office. As disclosed in note 1, detailed accounting records are not available to allow the completion of this information prior to that date.

**a) Related Parties**

The Company's main related parties are as follows:

*(i) Key Management Personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 21.

*(ii) Other Related Parties*

Other related parties include entities over which key management personnel have joint control.

**b) Transactions with Related Parties**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**Note 20: Interests in Subsidiaries**

**Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or, in the case of the Titan Equity Plan Trust, ordinary units, which are held directly by the Company. The proportion of ownership interests held equals the voting rights held by the Company. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Company	
		30 June 2016	30 June 2015
Atlas Drilling Co Pty Ltd	Australia	0%	100%
Atlas Drilling Services Pty Ltd	Australia	0%	100%
Titan Plant Logistics Pty Ltd	Australia	0%	100%
Titan Resources Camp Hire Pty Ltd	Australia	0%	100%
Nektar Remote Hospitality Pty Ltd	Australia	0%	100%
Base Hospitality Pty Ltd	Australia	0%	100%
Base Transport and Logistics Pty Ltd	Australia	0%	100%
Titan Holdings Pty Ltd (previously Hofco Services Pty Ltd)	Australia	0%	100%
Titan Equity Plan Trust	Australia	0%	100%

Following the appointment on receivers in January 2016, all subsidiaries were liquidated during the year ended 30 June 2016.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 21: Key Management Personnel Compensation**

The information presented below for the year ended 30 June 2016 represents the period since the new Directors took office. As disclosed in note 1, detailed accounting records are not available to allow the completion of this information prior to that date.

Refer to the Remuneration Report contained in the Directors' Report on page 9 for details of the remuneration paid or payable to each member of the Company's key management personnel (KMP) for the year ended 30 June 2016.

The totals of remuneration paid to KMP of the Company and the Group during the year are as follows:

	2016 \$	2015 \$
Short-term employee benefits	-	1,467,000
Post-employment benefits	-	92,000
Termination benefits	-	114,000
Share-based payments	-	75,000
<b>Total KMP compensation</b>	<b>-</b>	<b>1,748,000</b>

**Note 22: Auditor's Remuneration**

	Consolidated Group	
	2016 \$	2015 \$
Remuneration of BDO Audit Pty Ltd for:		
• Auditing or reviewing the financial statements	27,500	-
• Taxation services provided by related practice of auditor	-	-
	27,500	-
Remuneration of PKF Hacketts Audit for:		
• Auditing or reviewing the financial statements	-	131,190
• Taxation services provided by related practice of auditor	-	42,166
	-	173,356

**Note 23: Capital and Leasing Commitments**

	Consolidated Group	
	2016 \$	2015 \$
<b>a) Operating Lease Commitments</b>		
Payable – minimum lease payments:		
• Within one year	-	3,940
• Later than one year but not later than five years	-	4,751
• Later than five years	-	-
	-	<b>8,691</b>

**b) Capital Expenditure Commitments**

There are no immediate capital expenditure commitments until the board decides on the future plans of the company.

Notes to the financial statements for the year ended 30 June 2016

**Note 24: Cash Flow Information**

	Consolidated Group	
	2016	2015
	\$	\$
<b>a) Reconciliation of Cash Flow from Operations with Profit after Income Tax</b>		
Profit after income tax	(17,641,861)	(39,494,000)
Non-cash flows in profit:		
• Depreciation	566,632	2,559,000
• Impairment expense	10,271,900	27,394,000
• Amortisation of borrowing costs	-	223,000
• Net (gain)/loss on disposal of property, plant and equipment	79,942	(55,000)
• Share based payments	(221,094)	416,000
• Loss on disposal of subsidiaries	6,941,387	-
• Gain on settlement of Deed of Company Arrangement	(6,347,565)	-
• Issue of options	-	105,000
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
• Change in trade and term receivables	642,176	12,878,000
• Change in prepayments	-	402,000
• Change in inventory	(47,584)	(65,000)
• Change in trade payables and other creditors	3,850,272	(8,704,000)
• Change in tax assets	-	475,000
• Change in income taxes payable	(816)	(796,000)
• Change in deferred revenue	(393,583)	-
• Change in provisions	(320,096)	(409,000)
<b>Cash flow from operating activities</b>	<b>(2,620,290)</b>	<b>(4,181,000)</b>
<b>b) Loan Facilities</b>		
Loan facilities	-	37,745
Amount utilised	-	(13,135)
Amounts unavailable to be re-drawn	-	(3,793)
<b>Total available loan facility</b>	<b>-</b>	<b>20,817</b>

Facilities entered into between the Company and GE Commercial Corporation (Australia) Pty Ltd were fully repaid during the previous year, therefore no available facilities exist at the date of this report.



**Notes to the financial statements for the year ended 30 June 2016**

**Note 25: Financial Risk Management**

The Company's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2016	2015
		\$	\$
<b>Financial Assets</b>			
Cash and cash equivalents	6	107,281	1,141,016
Trade and other receivables <sup>1</sup>	7	-	756,405
<b>Total financial assets</b>		<b>107,281</b>	<b>1,897,421</b>
<b>Financial Liabilities</b>			
Trade and other payables	11	-	2,679,694
<b>Total financial liabilities</b>		<b>-</b>	<b>2,679,694</b>

<sup>(1)</sup> Excludes prepayments.

**Financial Risk Management Policies**

***Policies before Appointment of Administrators***

The overall setting and management of the Company's financial risk policies is the responsibility of the Board of Directors and has been delegated to the Audit Committee. The Audit Committee has been delegated responsibility by the Board of Directors for, among other matters, managing financial risk exposures of the Company. The Audit Committee monitors the Company's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to counterparty credit risk, currency risk, liquidity risk and interest rate risk. The Audit Committee meets regularly and minutes of the Audit Committee are reviewed by the Board.

The Audit Committee's overall risk management strategy seeks to assist the Company in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use of hedging, derivative instruments, credit risk policies and future cash flow requirements.

***Policies after Release from Administration***

The Board of Directors currently take responsibility for the identification and mitigation of financial risk. Formal policies will be developed in due course once the Company is recapitalised.

**Specific Financial Risk Exposures and Management**

The main risks the Company is exposed to through its financial instruments are credit, liquidity and interest rate risk.

There have been no substantive changes in the types of risks the Company is exposed to, how these risks arise, or the Board's objectives, policies and procedures for managing or measuring the risks from the previous period.

**1. Credit Risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Company, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Audit Committee has otherwise assessed as being financially sound.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 25: Financial Risk Management (continued)**

*Credit risk exposures*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 7. Credit risk related to balances with banks and other financial institutions is managed by the Audit Committee in accordance with approved board policy. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	Consolidated Group	
		2016	2015
		\$	\$
Cash and cash equivalents:			
• AA- rated		107,281	1,141,016
Total cash and cash equivalents	6	107,281	1,141,016

**2. Liquidity Risk**

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- Obtaining funding from a variety of sources;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Company has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

**Financial Liability Maturity Analysis**

Consolidated Group	Note	Within 1 Year		1 to 5 Years		Total	
		2016	2015	2016	2015	2016	2015
		\$	\$	\$	\$	\$	\$
<b>Financial liabilities due for payment</b>							
Trade and other payables	11	-	2,679,694	-	-	-	2,679,694
Total expected outflows		-	2,679,694	-	-	-	2,679,694

**3. Interest Rate Risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments which primarily expose the Company to interest rate risk are cash and cash equivalents. Interest rate risk is managed using appropriate fixed interest and other hedging arrangements as determined by the Board.

**Notes to the financial statements for the year ended 30 June 2016**

**Note 25: Financial Risk Management (continued)**

**Sensitivity Analysis**

At 30 June 2016, the Company had no borrowings and therefore interest rate risk is negligible and sensitivity analysis has not been performed.

**Note 26: Parent Information**

	2016 \$	2015 \$
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards		
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>Assets</b>		
Current assets	107,281	28,971,000
Non-current assets	-	9,534,000
<b>Total assets</b>	<b>107,281</b>	<b>38,505,000</b>
<b>Liabilities</b>		
Current liabilities	45,203	970,000
Non-current liabilities	-	1,000
<b>Total liabilities</b>	<b>45,203</b>	<b>971,000</b>
<b>Equity</b>		
Issued capital	51,178,114	50,564,000
Option reserve	-	128,000
Retained earnings / (Accumulated losses)	(51,116,036)	(13,158,000)
<b>Total equity</b>	<b>62,078</b>	<b>37,534,000</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Total profit (loss)	(37,958,036)	(984,000)
<b>Total comprehensive income</b>	<b>(37,958,036)</b>	<b>(984,000)</b>

**Guarantees**

Augend Limited has not entered into any guarantees at 30 June 2016.

**Contractual Commitments**

No contractual commitments exist at 30 June 2016.

**Contingent Liabilities**

Refer to Note 27 below for details of contingent liabilities that exist at 30 June 2016.

**Note 27: Contingent Liabilities**

The Directors are not aware of any other contingent liabilities or assets that are likely to have a material effect on the results of the Company, as disclosed in these financial statements.

**Note 28: Events After the end of the Reporting Period**

On 29 July 2016 the company issued 2,000,000 fully paid ordinary shares raising \$20,000 to assist with working capital.

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

**Notes to the financial statements for the year ended 30 June 2016**

**Note 29: Company Details**

The registered office and principal place of business of the Company is:

Suite 8, 1297 Hay Street,  
West Perth, WA, 6005.

The principal places of business are:

Augend Holdings Pty Ltd  
Suite 8, 1297 Hay Street,  
West Perth, WA, 6005.

**DIRECTORS' DECLARATION**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 44, subject to the qualification set out in paragraph 3 below, are in accordance with the *Corporations Act 2001* and:
  - a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated Group.
2. As indicated in note 1, in the directors' opinion, subject to the successful recapitalisation of the Company, there are reasonable grounds to believe that Augend Limited will be able to pay its debts as and when they become due and payable.
3. Due to the turnover of previous staff and officers, the parent company being subject to external administration and the liquidation of all subsidiaries, complete accounting records for the Group have not been able to be located. For the year ended 30 June 2016 this has led to insufficient information being available to support several material transactions and the disclosures required in the remuneration report.

The Directors are of the opinion that it is not possible to state that the audited Remuneration Report disclosures, financial statements and notes are in accordance with the requirements of the *Corporations Act 2001*, due to the lack of records and certainty in connection with material transactions during the year ended 30 June 2016.

It is noted by the Directors that while historical records are incomplete, the absence of these records is not expected to significantly detract from the Company's ability to maintain proper books and records for the period from 14 April 2016, when the current directors were appointed. Therefore, the absence of records due to the turnover of previous staff and officers, the parent company being subject to external administration and the liquidation of all subsidiaries, primarily affects the historical records of the Company and the Group rather than its ability to continue the Company's retained operations.

4. The directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer, which are also subject to the qualification in paragraph 3 above.

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



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Keong Chan  
Director

Perth, 19 October 2016

## INDEPENDENT AUDITOR'S REPORT

To the members of Augend Limited

### Report on the Financial Report

We were engaged to audit the accompanying financial report of Augend Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, 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 matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### 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 Augend Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

### Basis for Disclaimer of Opinion

As disclosed in note 1 to the financial statements, on 21 December 2015, Augend Limited (then known as Titan Energy Services Limited) was placed into voluntary administration. Following the appointment of the administrators (and subsequently liquidators to the subsidiaries), the powers of the directors and officers of Augend Limited were suspended and the administrators (and subsequently liquidators to the subsidiaries) assumed control of these companies' business, property and affairs.

Due to the circumstances, the directors were unable to obtain all the necessary books and records pertaining to the consolidated entity. New directors were appointed 14 April 2016. On 17 June 2016, the company was released from administration following the settlement of a Deed of Company Arrangement.

Accordingly, the financial report for the year ended 30 June 2016 has been prepared by the directors without the benefit of complete information being available for the consolidated entity.



As the remaining records are not adequate to permit the application of necessary audit procedures, we are unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

#### **Disclaimer of Opinion**

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

#### **Report on the Remuneration Report**

Our responsibility is to express an opinion on the Remuneration Report included on pages 7 to 10 of the Directors' Report for the year ended 30 June 2016 in accordance with section 300A of the *Corporations Act 2001*. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Remuneration Report.

#### **Basis for Disclaimer of Opinion**

As disclosed in note 1 to the financial statements, on 21 December 2015, Augend Limited (then known as Titan Energy Services Limited) was placed into voluntary administration. Following the appointment of the administrators (and subsequently liquidators to the subsidiaries), the powers of the directors and officers of Augend Limited were suspended and the administrators (and subsequently liquidators to the subsidiaries) assumed control of these companies' business, property and affairs.

Due to the circumstances, the directors were unable to obtain all the necessary books and records pertaining to the consolidated entity. New directors were appointed 14 April 2016. On 17 June 2016, the company was released from administration following the settlement of a Deed of Company Arrangement.

Accordingly, the remuneration report for the year ended 30 June 2016 has been prepared by the directors without the benefit of complete information being available for the consolidated entity.

As the remaining records are not adequate to permit the application of necessary audit procedures, we are unable to obtain all the information and explanations we require in order to form an opinion on the remuneration report.

#### **Disclaimer of Opinion**

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

**BDO Audit Pty Ltd**

**C J Skelton**  
Director

Brisbane, 19 October 2016