qanda technology.

QANDA TECHNOLOGY LTD

ACN 066 153 982

2014 ANNUAL REPORT

CORPORATE DIRECTORY

DIRECTORS

Mr Chris Noone – Chief Executive Officer / Executive Director
Mr Nathan Gyaneshwar – Executive Director
Mr Adrian Bunter – Non-Executive Director
Mr Domenic Carosa – Non-Executive Director

COMPANY SECRETARY

Ms Karen Logan

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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AUDITORS

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Perth WA 6000

BANKERS

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Claremont WA 6010

SHARE REGISTRAR

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The Directors present their report together with the financial report of Qanda Technology Ltd (the Company or Parent Entity), being the Company and its controlled entities (the Group), for the year ended 30 June 2014 and the auditor's report thereon.

DIRECTORS

The Directors of the Group at any time during or since the end of the financial year are:

Mr Chris Noone

Chief Executive Officer and Executive Director – appointed 8 August 2014

Mr Noone has led the development, launch and optimisation of many innovative companies that have helped define the digital market in Europe, Asia and Australia. Mr Noone led the Asia Pacific business for Microprose and then moved to London as Commercial Director for Hasbro. Mr Noone also went on to launch Vodafone's games business in Europe and later become their head of Business Development and Content. Mr Noone moved back to Australia in 2006 to ramp up ninemsn's mobile business, taking responsibility for the monetisation of the mobile products of Microsoft, ACP Magazines and Channel 9 as well as the 5th Finger and HWW mobile businesses. In addition to helping large corporations evolve in a digital environment he has also co-founded a number of start-up businesses.

Mr Nathan Gyaneshwar

Executive Director - appointed 29 November 2010

Mr Gyaneshwar has 17 years' experience in creating, growing and managing a multinational business operation, customer base and team. Prior to establishing Marketboomer, he spent time in the Australian Army and worked for one of the world's largest hotel groups where he built specialist expertise in the areas of cost control and procurement. Mr Gyaneshwar has an Advanced Diploma in Hotel Management and Executive Management training from Macquarie University Graduate School of Management.

Mr Adrian Bunter

Non-Executive Director - appointed 19 February 2014

Mr Bunter has over 19 years' experience in accounting, finance and a broad range of corporate advisory roles ranging from mergers and acquisitions, divestments of businesses, debt/equity raisings and strategy development and execution. Adrian is an executive director of Venture Advisory, a specialist telecommunications, media and technology financial advisory firm operating out of Australia and AsiaPac. Mr Bunter is a Chartered Accountant, a Senior Associate of Finsia and has completed a Bachelor of Business and a Graduate Diploma in Applied Finance. Adrian is a member of the Executive Committee of Australia's leading angel investing group, Sydney Angels.

In the 3 years immediately before the end of the financial year, Mr Bunter also served and continues to serve as a non-executive director of 8common Limited, an ASX listed company from 27 August 2014.

Mr Domenic Carosa

Non-Executive Director – appointed 8 August 2014

Mr Carosa has over 20 years experience in business and technology. He is co-founder and Chairman of Future Capital Development Fund Pty Ltd (a registered Pooled Development Fund). Future Capital has successfully raised in excess $8M in patient equity capital in recent years, invested in 14 early stage investees and recently launched the Future Capital Bitcoin Fund which will invest into Bitcon related companies. He is also Chairman/CEO of Dominet Digital Corporation Pty Ltd, a boutique internet investment group and Chairman/CEO of global mobile entertainment company CroudMobile.com. Mr Carosa was previously the co-founder and Group CEO of ASX-listed destra Corporation which was the largest independent media and entertainment company in Australia.

Mr Carosa is also a non-executive director of the listed company Shoply Limited having been appointed 18 June 2013.

Mr Benjamin Donovan

Non-Executive Director - appointed 10 November 2009, resigned 15 May 2014

Mr Kim Redstall

Non-Executive Director - appointed 20 November 2009, resigned 29 November 2013

Mr Redstall retired by rotation and did not seek re-election at the 2013 Annual General Meeting.

Mr Reuben Buchanan

Non-Executive Director – appointed 25 October 2013, resigned 7 August 2014

COMPANY SECRETARY

Ms Karen Logan

Appointed 27 October 2009

Ms Logan is a Chartered Secretary with over 10 years' experience in assisting small to medium capitalised ASX-listed and unlisted companies with compliance, governance, financial reporting, capital raising, merger and acquisition, and IPO matters. She is an Associate of the Institute of Chartered Secretaries and Administrators, a Fellow of the Financial Services Institute of Australasia and a Graduate Member of the Australian Institute of Company Directors. Ms Logan is presently the principal of a consulting firm and secretary of a number of ASX-listed companies, providing corporate and accounting services to those clients.

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Parent Entity during the financial year are:

	Board Meetings		Nomination and Remuneration Committee Meetings		Audit and Risk Committee Meetings	
Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Nathan Gyaneshwar	15	15	N/A	N/A	N/A	N/A
Mr Benjamin Donovan*	11	11	2	2	2	2
Mr Kim Redstall*	8	8	1	1	1	1
Mr Reuben Buchanan*	9	9	1	1	1	1
Mr Adrian Bunter*	5	5			1	1

*Denotes director did not serve for the full year

Committee membership

As at the date of the report, the Parent Entity had a Nomination and Remuneration Committee and an Audit and Risk Committee of the Board of Directors.

Members acting on the committees of the Board during the financial year were:

Nomination and Remuneration Committee	Audit and Risk Committee
Mr Benjamin Donovan (Chairman)[1,5]	Mr Benjamin Donovan (Chairman)[1,5]
Mr Kim Redstall[1,2]	Mr Kim Redstall[1,2]
Mr Reuben Buchanan[1,3]	Mr Reuben Buchanan[1,3]
Mr Adrian Bunter (Charirman)[1,4]	Mr Adrian Bunter (Chairman)[1,4]

1. Denotes director did not serve for the full year.
2 Mr Redstall resigned from the Nomination and Remuneration Committee and the Audit and Risk Committee on 29 November 2013.
3 Mr Buchanan was appointed to the Nomination and Remuneration Committee and the Audit and Risk Committee on 29 October 2013.
4 Mr Bunter was appointed to the Nomination and Remuneration Committee and the Audit and Risk Committee on 19 February 2014 and as Chairman of the latter. He was Chairman of the Nomination and Remuneration Committee from 15 May to 8 August 2014.
5 Mr Donovan resigned from the Nomination and Remuneration Committee and the Audit and Risk Committee on 15 May 2014.

DIRECTORS' INTERESTS

The following relevant interests in the shares of the Parent Entity were held by the Directors as at the date of this report.

Director	Shares	Options	Deferred Consideration Shares
Mr Chris Noone[1]	-	53,000,000	-
Mr Nathan Gyaneshwar	54,699,481	5,469,949	-
Mr Adrian Bunter[2]	14,681,050	1,468,105	4,893,683
Mr Domenic Carosa[3]	346,665,464	94,641,548	98,805,155

1. Mr Noone has an entitlement of up to 53,000,000 options with varying exercise prices, vesting conditions and expiry dates pursuant to the terms of the Executive Services Agreement he has with the Company.
2. Mr Bunter has an entitlement to Deferred Consideration Shares subject to Drive My Car Rentals Pty Ltd achieving the target set in the Share Sale Agreement for the purchase of that business by the Company. Further details are included below.
3. These shares are held by Tiger Domains Pty Ltd ATF Tiger Domains Unit Trust in which the Director is both a 50% shareholder and unit holder and Dominet Digital Corporation Pty Ltd ATF The Carosa Family A/C in which the Director is a beneficiary, and Future Capital Development Fund Pty Ltd in which the Director is a shareholder and director. Mr Carosa's interests have an entitlement to Deferred Consideration Shares subject to DriveMyCar Rentals Pty Ltd achieving the target set in the Share Sale Agreement for the purchase of that business by the Company. Further details are included below.

PRINCIPAL ACTIVITY

The principal activity of the Parent Entity and Group during the financial year was the operation of peer-to-peer and online marketplaces.

REVIEW OF OPERATIONS

Operating review

Qanda Technology Limited

During the year the Company made significant progress in re-positioning the business to focus on market segments with high growth potential. Building on its existing capability in online marketplaces through Marketboomer, the Company entered the collaborative consumption market (also known as peer to peer marketplaces) with the acquisition of Australia's first and leading peer to peer car rental business – DriveMyCar Rentals Pty Ltd (DMCR). This was shortly followed by the acquisition of the Rentoid business and assets (Rentoid), Australia's largest online rental marketplace for household and hardware items.

Mr Adrian Bunter joined the Board of Directors in February 2014 bringing to the Company over 19 years' experience in accounting, finance and a broad range of corporate advisory roles ranging from mergers and acquisitions, divestments of businesses, debt/equity raisings and strategy development and execution. In August 2014, the Company appointed former ninemsn executive, Mr Chris Noone, as Chief Executive Officer to execute the Company's collaborative consumption strategy and drive overall growth. Domenic Carosa was appointed as a non-executive director. Mr Carosa is an experienced investor and founder of ASX listed technology businesses. He is currently Chairman of the Future Capital Development Fund.

During the year, the Company extended $175,000 of convertible notes until September 2014 and, subsequent to balance date, the Company negotiated further extensions with these note holders. In November 2013 the Company also arranged for the conversion of $286,988 of convertible notes into ordinary shares. This removed a debt burden from the Company.

The Directors had also been cognisant of the burden placed on the Company by the $1 million loan facility from its lender Finecross Security Limited (Finecross Loan) and the difficulty this created for the Company. After investigating a range of options, including conversion into equity in the Company and extension of the loan arrangement, in May 2014 the Company entered into agreements to convert the Finecross Loan into a 49.5% interest in the Marketboomer business unit, due to Finecross' strategic alignment with the Marketboomer business. The conversion of this loan has removed the $1 million liability from the Group's balance sheet and has enabled the Company to focus its efforts on the high growth opportunities available to it in the collaborative consumption marketplaces.

The Company is now focussed on optimising and evolving the DMCR and Rentoid businesses and has embarked upon the development of a reputation platform to enhance trust within the peer to peer marketplaces. The reputation platform will enable the Company to efficiently launch into new product verticals and build a sustainable competitive advantage. The Company continues to actively review and assess acquisition opportunities in the collaborative consumption space.

REVIEW OF OPERATIONS (continued)

Subsequent to balance date, the Company completed a successful entitlement issue which raised $814,418 before costs. The funds will be used to underpin the development of the DMCR business as well as ongoing research and development and technical costs associated with the Marketboomer business unit.

Drive My Car business unit

The acquisition of DMCR was completed on 19 February 2014. The financial results cover the period from that date. DMCR provides owners with an opportunity to generate income by renting their vehicles to drivers seeking lower prices and a wider choice of vehicles. As the vehicles are owned by private owners, the business does not incur the large capital outlay normally associated with purchasing a fleet of vehicles and it can expand into new regions relatively quickly. DMCR manages customer acquisition, payments and vehicle marketing and has negotiated a unique motor fleet insurance policy to cover vehicles.

Following completion of the acquisition, management set about optimising the DMCR business and the benefits of this work are best seen in the results subsequent to the year end. Net rental days sold in July and August 2014 have increased 180% from the same period in 2013 (pre-acquisition). Ongoing process, marketing and sales improvements have been identified and will be implemented in the coming months.

Rentoid Business Unit

Continuing the strategy to focus on the collaborative consumption market, the Company acquired Rentoid on 5 May 2014. A plan is in place to develop synergies with the Company's existing operations and increase the visibility and revenue potential of Rentoid.

Marketboomer business unit

Marketboomer continues to rollout its PurchasePlus platform. The transition from the previous version of its eProcurement application has been slower than initially forecast with about 50% of existing customers having been migrated during the reporting period. Implementation of the LoadingDock online directory has occurred but has also taken longer than expected to deliver. While some interest has been shown in the Accounts Payable automation initiatives currently in development, it is clear that the business requires further capital investment to boost research and development and sales and marketing capability.

Financial review

The Group incurred a loss of $1,448,293 after income tax for the year. The result for the 2013 financial year was a profit of $533,409. The revenue from continuing operations increased by $85,205, or 3%, to $3,398,330 during the year. The net loss from continuing operations was decreased by $262,670, a 15% improvement compared to last financial year. The result was impacted by the costs associated with the acquisition of DMCR.

The working capital of the Group has decreased by $539,658 to a deficit of $676,234 during the year.

Significant Changes in the State of Affairs

The Group's net assets increased by $2,294,336 to $3,589,196 during the financial year. Movement in net assets principally comprised:

(a) a decrease in non current borrowings of $897,279;

(b) an increase in current liabilities of $555,089; and

(c) an increase in intangible assets of $2,003,945 mainly as a result of recognition of goodwill with the acquisition of DMCR.

Fully paid ordinary shares issued during the year are as follows:

(a) the issue of 115,000,000 fully paid ordinary shares by placement at $0.001 per share;

(b) the issue of 187,500,000 fully paid ordinary shares at $0.0015 per share at the conversion of the Note held by Simon Philip Wallace and Sievewrights Trustee Services No. 4 Limited;

(c) the issue of 225,000,000 fully paid ordinary shares as per the 2012 subscription agreement adjustment clause (refer Note 19 for further detail);

(d) the issue of 780,000,000 fully paid ordinary shares at a deemed issue price of $0.002 to vendors of DMCR;

(e) the issue of 175,000,000 fully paid ordinary shares by placement at $0.002 per share.

Total shares on issue at 30 June 2014 were 2,261,599,600.

RESULTS

The Group recorded a loss of $1,448,293 (2013 profit of $533,409) after income tax for the year.

The Parent Entity incurred a loss of $1,280,839 (2013: loss of $2,473,343) after income tax for the year.

LIKELY DEVELOPMENTS

The Group will continue with the development of its online e-commerce marketplaces. The allocation of resources will continue to be focused on the high growth opportunities available to the Group. Future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any significant environmental regulations under European, Commonwealth or State legislation. However, the Directors believe that the Group has adequate systems in place for the management of its environmental regulations and are not aware of any breach of those environmental requirements as they apply to the Group.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters described in Note 32 to these financial statements, there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

OPTIONS

Options granted

The following options were granted during the financial year:

Class	Expiry Date	Exercise Price	Number of Options
Listed Options	30 April 2017	$0.002	401,160,041

The following options were granted subsequent to the end of the financial year:

Class	Expiry Date	Exercise Price	Number of Options
Listed Options	30 April 2017	$0.002	544,709,251

Unissued shares under option

At the date of this report, unissued ordinary shares of the Company under option are:

Class	Expiry Date	Exercise Price	Number of Options
Listed Options	30 April 2017	$0.002	945,869,292

None of these options were exercised during the financial year. These options do not entitle the holder to participate in any share issue of the Company or any other entity.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

Indemnification

The Parent Entity has agreed to indemnify the Directors and Company Secretary of the Parent Entity against all liabilities to another person (other than the Parent Entity or any related body corporate) that may arise from their position as Directors and Company Secretary of the Parent Entity and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The Parent Entity has also agreed to cover any liability for costs and expenses incurred in successfully defending civil or criminal proceedings, or in connection with a successful application for relief under the *Corporations Act 2001*. It also provides indemnity against costs and expenses in connection with an application where a court grants relief to a Director under the *Corporations Act 2001.*

Insurance premiums

As at the date of this report no insurance policies in respect of indemnification of officers have been entered into.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF HLB MANN JUDD

There are no officers of the Parent Entity who are former audit partners of HLB Mann Judd.

NON-AUDIT SERVICES

During the financial year, HLB Mann Judd, the Parent Entity's auditor, did not perform any non-audit services.

REMUNERATION REPORT

The Remuneration Report is set out on pages 10 to 15 and forms part of the Directors' Report.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. The Independence Declaration is set out on page 21 and forms part of this Directors' Report for the year ended 30 June 2013.

AUDITOR

HLB Mann Judd continues in office in accordance with section 327 of the *Corporations Act 2001*.

Dated at Sydney, New South Wales this 29th day of September 2014.

Signed in accordance with a resolution of the Directors:

Chris Noone

Chief Executive Officer/Executive Director

This Remuneration Report outlines the key management personnel remuneration arrangements of the Parent Entity and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Parent Entity and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL

The following were key management personnel of the Group at any time during the financial year and unless otherwise indicated were key management personnel for the entire financial year:

Directors

Name	Position held	
Mr Nathan Gyaneshwar	Chief Executive Officer/Managing Director	
Mr Benjamin Donovan	Non-Executive Director	Resigned 15 May 2014
Mr Kim Redstall	Non-Executive Director	Resigned 29 November 2013
Mr Reuben Buchanan	Non-Executive Director	Appointed 25 October 2013
Mr Adrian Bunter	Non-Executive Director	Appointed 19 February 2014

REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Board of Directors of the Parent Entity is responsible for determining and reviewing remuneration policies for the Directors and Executives. If necessary, the Nomination and Remuneration Committee obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Group.

Further information on the Nomination and Remuneration Committee's role, responsibilities and membership is set out in the section entitled Corporate Governance Statement in this Financial Report.

PRINCIPLES OF REMUNERATION

The remuneration structures explained below are competitively set to attract and retain suitably qualified and experienced candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the key management personnel's ability to control the relevant segment's performance;
- the consolidated entity's performance including:
    - the consolidated entity's earnings; and
    - the growth in share price and delivering constant returns on shareholder wealth.

REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of Non-Executive Directors' remuneration is clearly distinguished from that of Executives.

Non-Executive Director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. Total remuneration for all Non-Executive Directors, last voted upon by shareholders at the 2010 Annual General Meeting, is not to exceed $150,000 per annum. Directors' fees cover all main board activities and membership of committees.

Non-Executive Directors do not receive any retirement benefits, nor do they receive any performance related compensation.

Level of Non-Executive Directors' fees as at the reporting date is as follows:

Name	Non-Executive Directors' fees
Mr Adrian Bunter	$20,000 per annum
Mr Domenic Carosa	$20,000 per annum

Executive remuneration

Remuneration for Executives is set out in employment agreements.

Executive Directors may receive performance related compensation but do not receive any retirement benefits, other than statutory superannuation.

Fixed remuneration

Fixed remuneration consists of base compensation as well as employer contributions to superannuation funds.

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee through a process that considers individual and overall performance of the Group. As noted above, the Nomination and Remuneration Committee has access to external advice independent of management.

Other benefits

Key management personnel may receive benefits such as car allowances, and the Group pays fringe benefits tax on these benefits, where applicable.

Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives, and is designed to reward executives for meeting or exceeding their financial and personal objectives. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash, while the long-term incentive (LTI) may be provided as in the form of options over ordinary shares or as an 'at risk' bonus provided in the form of fully paid ordinary shares of the Parent Entity.

Short-term incentives

The Nomination and Remuneration Committee together with the Board have determined the key performance indicators (KPIs) for the key management personnel. The KPIs generally include measures relating to the Group, the relevant segment, and the individual, and may include financial, non-financial, corporate and individual measures. The measures are chosen as they directly align the individual's reward to the KPIs of the Group and to its strategy and performance.

At the end of the financial year and subsequent to the completion of the year-end audit, the Nomination and Remuneration Committee and Board of Directors assess the performance of the Group, the relevant segment and individual against the KPIs set. No bonus is awarded where performance falls below the minimum. If it is determined that the KPIs have been reached, the Nomination and Remuneration Committee recommends the STI to be paid to the individuals for approval by the Board.

There were no STI payments during the 2014 financial year (2013: nil).

Long-term incentives

LTI may be provided to key management personnel in the form of options over ordinary shares or as an 'at risk' bonus provided in the form of fully paid ordinary shares of the Parent Entity. LTI are considered to promote continuity of employment and provide additional incentive to recipients to increase shareholder wealth.

For the purposes of the 'at risk' bonus, the Nomination and Remuneration Committee together with the Board have determined the KPIs for the key management personnel. At the end of the financial year and subsequent to the completion of the year end audit, the Nomination and Remuneration Committee and Board of Directors assess the performance of the Group, the relevant segment and individual against the KPIs set. No bonus is awarded where performance falls below the minimum. Only one bonus may be claimed by a key management person in a financial year.

If it is determined a KPI has been reached, the Nomination and Remuneration Committee recommends the shares be issued to the individuals for approval by the Board. Options and shares may only be issued to Directors subject to approval by shareholders in a general meeting.

There were no options or shares issued as LTI during the 2014 financial year (2013: nil).

The Parent Entity has introduced a policy that prohibits employees and Directors of the Parent Entity from entering into transactions that operate or are intended to operate to limit the economic risk or are designed or intended to hedge exposure to unvested Parent Entity securities. This includes entering into arrangements to hedge their exposure to LTI granted as part of their remuneration package. This policy may be enforced by requesting employees and Directors to confirm compliance.

Use of remuneration consultants

The Board did not engage the services of a remuneration consultant during the year.

Voting and comments made at the Company's 2013 Annual General Meeting

The Company received 97.0% of "yes" votes on its remuneration report for the 2013 financial year. The Company excluded 10.0% of votes on its remuneration report as key management personnel were not permitted to vote on the resolution. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Directors have regard to the following indices in respect of the current financial year and the previous four financial years:

	2014	2013	2012	2011	2010
Net profit/(loss) for the year	($1,448,293)	$533,409	($737,134)	($1,819,424)	($1,429,705)
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	Nil	(0.10 cents)	(0.20 cents)	(1.20 cents)	0.90 cents
Share price at beginning of the period	0.20 cents	0.30 cents	0.50 cents	1.70 cents	0.80 cents
Share price at end of the period	0.20 cents	0.20 cents	0.30 cents	0.50 cents	1.70 cents
Earnings/(loss) per share for loss from continuing operations					
Basic loss per share	(0.10 cents)	(0.23 cents)	(0.11 cents)	(0.32 cents)	(0.76 cents)
Diluted loss per share	(0.10 cents)	(0.20 cents)	(0.11 cents)		

In assessing the above indices, the Directors note that the Group has yet to record a sustainable net profit or pay a dividend. Consequently, as the overall level of key management personnel's compensation takes into account the performance of the Group, that overall level has remained relatively unchanged, other than the increase or decrease in compensation levels due to the appointment or resignation of key management personnel. Furthermore, total remuneration for all Non-Executive Directors has remained unchanged since voted upon by shareholders in November 2010.

There were no performance related remuneration transactions during the 2014 financial year (2013: nil).

EMPLOYMENT AGREEMENT

Remuneration and other terms of employment for key management personnel are formalised in employment agreements. Details of the agreement in place during the 2014 financial year follows:

Name:	Mr Nathan Gyaneshwar
Title:	Chief Executive Officer/ Managing Director
Agreement commenced:	1 July 2011
Term of agreement:	Three years
Current base salary:	$192,000 per annum plus statutory superannuation to be reviewed annually
Additional benefit:	$10,000 motor vehicle allowance
Short term incentive:	Annual STI of: • $50,000 for achieving a profit of $300,000 or more in the 2011-12 financial year; and • $50,000 for achieving a profit of $600,000 in the same period.
Long term incentive:	Annual LTI of $100,000 of fully paid ordinary shares in the Company, to be issued at a valuation calculated as the VWAP for the month of June in the previous financial year, upon the achievement of one or more of following three performance hurdles where one or more of the following occur in any of the financial years 2011-12, 2012-13, 2013-14: • Profit exceeds $1,000,000 • Revenue exceeds $10,000,000 • If at any time during the year the 90 day VWAP of the Qanda share price maintains a value equal to or greater than 200% of the 90 day VWAP for the same period in the previous year, provided that not less the 5% of the average shares on issue as quoted by the Company on the ASX have traded within a rolling 12 month period (such 12 month period to also include the same 90-day VWAP). The LTI is subject to shareholder approval. Should shareholder approval not be granted, Mr Gyaneshwar is entitled to a cash payment in lieu of the issue of shares.
Termination notice:	Six months by either party.

The Agreement otherwise contains provisions standard for an agreement of employment including in relation to annual, long service and sick leaves, confidentiality and other general provisions.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Table1: Remuneration for the year ended 30 June 2014

	SHORT-TERM BENEFITS		POST-EMPLOYMENT	OTHER LONG TERM BENEFITS	SHARE-BASED PAYMENTS		
	Salary & fees $	Other benefits $	Superannuation $	Long service leave $	Shares $	Total $	Proportion of remuneration performance related %
Non-executive directors							
Mr B Donovan	19,026	-	-		-	19,026	-
Mr K Redstall	8,333	-	-		-	8,333	-
Mr R Buchanan	11,667	-	-		-	11,667	
Mr A Bunter	6,667	-	-		-	6,667	
Total non-executive directors	45,693	-	-		-	45,693	
Executive							
Mr N Gyaneshwar[1]	192,000	10,000	18,685	3,200	-	223,885	-
Total executive directors	192,000	10,000	18,685	3,200	-	223,885	
Total KMP	**237,693**	**10,000**	**18,685**	**3,200**	**-**	**269,578**	

1. Mr Gyaneshwar's superannuation was based on 9.25% of his base salary and allowances and included an amount of $910 in excess of the statutory requirement. His other benefit comprised a motor vehicle allowance.

Table 2: Remuneration for the year ended 30 June 2013

	SHORT-TERM BENEFITS		POST-EMPLOYMENT	OTHER LONG TERM BENEFITS	SHARE-BASED PAYMENTS		
	Salary & fees $	Other benefits $	Superannuation $	Long service leave $	Shares $	Total $	Proportion of remuneration performance related %
Non-executive directors							
Mr B Donovan	20,000	-	-		-	20,000	-
Mr K Redstall	20,000	-	-		-	20,000	-
Total non-executive directors	40,000	-	-		-	40,000	
Executive							
Mr N Gyaneshwar[1]	187,833	10,000	17,805	5,513	-	221,151	-
Total executive directors	187,833	10,000	17,805	5,513	-	221,151	
Total KMP	**227,833**	**10,000**	**17,805**	**5,513**	**-**	**261,151**	

1. Mr Gyaneshwar's superannuation was based on 9% of his base salary and allowances and included an amount of $1,335 in excess of the statutory requirement. His other benefit comprised a motor vehicle allowance.

Key management personnel equity holdings

(i) Fully paid ordinary shares

Director	Held at 1 July 2013	Held at date of appointment	Purchases	Granted as remuneration	Other changes	Held at date of resignation	Held at 30June 2014
Mr Gyaneshwar	54,699,481	N/A	-	-	-	N/A	54,699,481
Mr Buchanan	-	N/A	-	-	-	N/A	-
Mr Bunter[3]	-	14,681,050	-	-	-	N/A	14,681,050
Mr B Donovan[2]	-	N/A	-	-	-	-	-
Mr K Redstall[1]	3,500,000	N/A	-	-	-	3,500,000	-
Director	**Held at 1 July 2012**	**Held at date of appointment**	**Purchases**	**Granted as remuneration**	**Other changes**	**Held at date of resignation**	**Held at) June 2013**
Mr Gyaneshwar	54,699,481	N/A	-	-	-	N/A	54,699,481
Mr B Donovan	-	N/A	-	-	-	N/A	-
Mr K Redstall	3,500,000	N/A	-	-	-	N/A	3,500,000

(ii) Share options

Director	Held at 1 July 2013	Held at date of appointment	Purchases	Granted as remuneration	Other changes	Held at date of resignation	Held at 30June 2014
Mr Gyaneshwar[4]	-	N/A	-	-	5,469,949	N/A	5,469,949
Mr Buchanan	-	N/A	-	-	-	N/A	-
Mr Bunter[4]	-	-	-	-	1,468,105	-	1,468,105
Mr B Donovan[2]	-	N/A	-	-	-	N/A	-
Mr K Redstall[1]	-	N/A	-	-	-	-	-
Director	**Held at 1 July 2012**	**Held at date of appointment**	**Purchases**	**Granted as remuneration**	**Other changes**	**Held at date of resignation**	**Held at) June 2013**
Mr Gyaneshwar	-	N/A	-	-	-	N/A	-
Mr B Donovan	-	N/A	-	-	-	N/A	-
Mr K Redstall	-	N/A	-	-	-	N/A	-

Notes in relation to the tables of equity holdings of key management personnel

1. Mr Redstall resigned as a director on 29 November 2013.
2. Mr Donovan resigned as a director on 15 May 2014.
3. Mr Bunter has an entitlement to 4,893,683 Deferred Consideration Shares subject to Drive My Car Rentals Pty Ltd achieving the target set in the Share Sale Agreement for the purchase of that business by the Company.
4. Options held by Mr Gyaneshwar and Mr Bunter emanated from the Bonus Issue to all shareholders on 11 June 2014.

Other key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of those entities transacted with the Company during the year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amount recognised during the year relating to key management personnel and their related parties were as follows:

Director	Transaction	Note	Transactions value for the year ended 30 June 2014 $	2013 $
Mr K Redstall	Consultancy fees	1	-	5,000
		2	10,200	25,000
Mr B Donovan	Consultancy fees	3	8,900	500

Other key management personnel transactions (continued)

Notes in relation to the table of related party transactions

1. A company associated with Mr Redstall provided ad hoc consultancy services in connection with the operations of the Company and for the management of capital raising. Terms for such services were based on market rates, and amounts were payable on normal commercial terms.
2. A company associated with Mr Redstall received a fee for providing services associated with due diligence on the acquisition of the DMCR. The fee in 2013 was for services related to the sale of the WebSpy business.
3. Mr Donovan provided consultancy services in connection with the operations of the Company. Terms for such services were based on market rates, and amounts were payable on normal commercial terms.

There were no other key management personnel transactions during the 2014 or 2013 financial years.

Loan to key management personnel

(i) Details of loan to key management personnel:

	Consolidated	
	2014	**2013**
	$	**$**
Current		
Loan to key management personnel	12,654	12,654

(ii) Terms and conditions of loan to key management personnel

The loan to key management personnel is unsecured and interest free. No amount was repaid during the year. However, the loan may be called at any time.

SHARE BASED COMPENSATION

There were no share-based remuneration transactions during the year.

Modification of equity-settled share based payment transactions

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

The Board and management of Qanda Technology Ltd (Qanda Technology or the Company) recognise their duties and obligations to shareholders and other stakeholders to implement and maintain a robust system of corporate governance. The Company believes that the adoption of good corporate governance adds value to stakeholders and enhances investor confidence.

The Company acknowledges the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations with 2010 Amendments* (2nd Edition) (the Recommendations). This Corporate Governance Statement provides details of the Company's compliance with those Recommendations, or where appropriate, indicates a departure from the Recommendations with an explanation. A checklist summarising the Company's compliance with the Recommendations is also set out at the end of this statement.

The Company's corporate governance policies are available on the Company's website: www.qandatechnology.com

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board Charter

The Board is accountable to shareholders for the performance of the Company. The Board operates under the Board Charter that details its functions, responsibilities and powers and those delegated to management.

On appointment, non-executive directors receive formal letters of appointment setting out the terms and conditions of appointment. The formal letter of appointment covers the matters referred to in the guidance and commentary for Recommendation 1.1. Executive directors are employed pursuant to employment agreements.

Evaluation of the performance of senior executives

The performance of senior executives is evaluated in accordance with the Performance Evaluation Process. A performance evaluation for senior executives will take place subsequent to the end of the reporting period and will be carried out in accordance with the process disclosed.

The Board Charter and Performance Evaluation Process are available on the Qanda Technology website.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the Board

The Board consists of the Chief Executive Officer, an executive director and two non-executive directors. Details of their skills, experience and expertise and the period of office held by each director have been included in the Directors' Report. The number of board meetings and the attendance of the directors are set out in the Directors' Report.

The Company does not currently have a chairman of the Board. The Board Charter summarises the roles and responsibilities of the chairman, once appointed and the Chief Executive Officer.

The Company is at variance with Recommendation 2.2 in that the Board does not have an independent Chairman. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the expense of the appointment of an additional director to perform the function of an independent chairman.

Independence of non-executive directors

The Board has assessed the independence of the non-executive directors using defined criteria of independence and materiality consistent with the guidance and commentary for Recommendation 2.1.

Neither Mr Bunter nor Mr Carosa satisfy the tests of independence as detailed in the Recommendations.

The Company is at variance with Recommendation 2.1 in that the majority of directors are not independent. The Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management. Furthermore, each individual member of the Board is satisfied that whilst the Company may not comply with Recommendation 2.1, all Directors bring an independent judgement to bear on Board decisions.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of two members and is chaired by a Non-Executive Director, Mr Carosa.

The Nomination and Remuneration Committee Charter sets out its role, responsibilities and membership requirements. The Charter reflects the matters set out in the commentary and guidance for Recommendation 2.4.

For information on the skills, experience and expertise of the Nomination and Remuneration Committee members, refer to the Directors' Report.

Nomination and Remuneration Committee (continued)

Details of the members and their attendance at meetings of the Nomination and Remuneration Committee are included in the Directors' Report.

The Company is at variance with Recommendation 2.4 in that the Nomination and Remuneration Committee only has two members and does not consist of a majority of independent directors. The Board considers that this composition is appropriate given the current size of the Company.

Board renewal and succession planning

The appointment of directors is governed by the Company's Constitution and the Appointment and Selection of New Directors policy. In accordance with the Constitution of the Company, no director except a Managing Director, shall hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election.

The Company has not adopted a policy in relation to the retirement or tenure of directors.

The appointment of the Company Secretary is a matter for the Board. Information on the skills, experience and qualifications of the Company Secretary can be found in the Directors' Report.

Evaluation of the performance of the Board, its committees and individual directors

The performance of the Board, its committees and individual directors are evaluated in accordance with the Performance Evaluation Process. Performance evaluations of the Board, the Nomination and Remuneration Committee, the Audit and Risk Committee and individual directors will take place subsequent to the end of the reporting period and will be carried out in accordance with the Performance Evaluation Process.

Induction and education

When appointed to the Board, a new director will receive an induction appropriate to his or her experience. Directors may participate in continuing education to update and enhance their skills and knowledge from time to time, as considered appropriate.

Access to information and advice

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Board also has a policy under which individual Directors and Board committees may obtain independent professional advice at the Company's expense in relation to the execution of their duties, after receiving approval from the Chairman (or equivalent).

The Company's Constitution, Nomination and Remuneration Committee Charter and the policy for Appointment and Selection of New Directors are available on the Qanda Technology website.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The Code of Conduct applies to all directors and officers of the Company. It sets out Qanda Technology's commitment to successfully conducting the business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards. The Code of Conduct reflects the matters set out in the commentary and guidance for Recommendation 3.1.

Diversity Policy

The Board has adopted a Diversity Policy which sets out the Company's aims and practices in relation to recognising and respecting diversity in employment. The Policy reinforces the Company's commitment to actively managing diversity as a means of enhancing the Company's performance by recognising and utilising the contributions of diverse skills and talent from its employees.

The Diversity Policy reflects the matters set out in the commentary and guidance for Recommendation 3.2.

Gender Diversity

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation.

The proportion of women within the whole organisation as at the date of this report are as follows:

Classification	%
Women employees in the whole organisation	46%
Women in senior executive positions	0%
Women on the Board of Directors	0%

Gender Diversity (continued)

The Board acknowledges the absence of female participation on the Board of Directors. However, as noted above, the Board has determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Company is at variance with Recommendation 3.3 in that it has not set or disclosed measurable objectives for achieving gender diversity in accordance with its Diversity Policy. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

The Code of Conduct and Diversity Policy are available on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit and Risk Committee

The Audit and Risk Committee consists of two members and is chaired by a non-executive director, Mr Bunter.

The Audit and Risk Committee Charter sets out its role, responsibilities and membership requirements. The Charter reflects the matters set out in the commentary and guidance for Recommendation 4.3.

For information on the skills, experience and expertise of the Audit and Risk Committee members, refer to the Directors' Report. Details of the members and their attendance at meetings of the Audit and Risk Committee are included in the Directors' Report.

The Company is at variance with Recommendation 4.2 in that the Audit and Risk Committee only has two members and does not consist of a majority of independent directors. The Board considers that given the current size of the Company, the Audit and Risk Committee is of a sufficient size and possesses sufficient technical expertise to discharge its mandate effectively.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Continuous Disclosure Policy sets out the key obligations of the directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosure, as well as procedures for promoting understanding of compliance with the disclosure requirements for monitoring compliance.

The Policy reflects the matters set out in the commentary and guidance for Recommendation 5.1.

The Continuous Disclosure Policy is available on the Qanda Technology website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

The Shareholder Communications Policy sets out the Company's aims and practices in respect of communicating with both current and prospective shareholders. The Policy reinforces the Company's commitment to promoting investor confidence by requiring:

- compliance with the continuous disclosure obligations;
- compliance with insider trading laws;
- compliance with financial reporting obligations;
- compliance with shareholder meeting requirements, including the provision of an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and auditor of the Company;
- communication with shareholders in a clear, regular, timely and transparent manner; and
- response to shareholder queries in a prompt and courteous manner.

The Policy reflects the matters set out in the commentary and guidance for Recommendation 6.1.

The Shareholder Communications Policy is available on the Qanda Technology website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Risk Management Policy

Qanda Technology recognises that risk is inherent to any business activity and that managing risk effectively is critical to the immediate and future success of the Company. As a result, the Board has adopted a Risk Management Policy which sets out the Company's system of risk oversight, management of material business risks and internal control.

Risk oversight

Qanda Technology's risk management framework is supported by the Board of Directors, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee also has delegated responsibilities in relation to risk management and the financial reporting process as set out in the Audit and Risk Committee Charter. Further detail regarding the Audit and Risk Committee can be found above at Principle 4: Safeguard integrity in financial reporting.

Reporting and assurance

When considering the Audit and Risk Committee's review of financial reports, the Board receives a written statement declaration in accordance with section 295A of the *Corporations Act*, signed by the Managing Director and Chief Financial Officer (or equivalents), that the Company's financial reports give a true and fair view, in all material respects with, of the Company's financial position and comply in all material respects with relevant accounting standards. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

Similarly, in a separate written statement the Managing Director (or equivalent) and the Chairman of the Audit and Risk Committee also confirm to the Board that the Company's risk management and internal control systems are operating effectively in relation to material business risks for the period, and that nothing has occurred since period-end that would materially change the position.

The Risk Management Policy is available on the Qanda Technology website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Nomination and Remuneration Committee

The Nomination and Remuneration Committee has delegated responsibilities in relation to the Company's remuneration policies as set out in the Nomination and Remuneration Committee Charter. The Charter reflects the matters set out in the commentary and guidance for Recommendation 8.1. Further detail regarding the Nomination and Remuneration Committee can be found above at Principle 2: Structure the board to add value.

Non-executive directors' remuneration policy

The structure of non-executive directors' remuneration is clearly distinguished from that of executives. Remuneration for non-executive directors is fixed. Total remuneration for all non-executive directors, last voted upon by shareholders at the 2010 Annual General Meeting, is not to exceed $150,000 per annum. Non-executive directors do not receive performance related compensation. Neither the non-executive directors nor the executives of the Company receive any retirement benefits, other than superannuation.

Executive directors' remuneration policy

As noted previously, executive directors are employed pursuant to employment agreements. Details of Mr Gyaneshwar's agreement are found in the Remuneration Report. The summary of the employment agreement for Mr Noone, is set out in Note 32.

The checklist below summarises the Company's compliance with the Recommendations.

	Requirement	Comply Yes/ No	Reference/ Explanation
Pr 1	**Lay solid foundations for management and oversight**		
Rec 1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose the functions.	Yes	Website & Page 16
Rec 1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Website & Page 16
Rec 1.3	Companies should provide the information indicated in the Guide to reporting to Principle 1.	Yes	Website & Page 16
Pr 2	**Structure the board to add value**		
Rec 2.1	A majority of the board should be independent directors.	No	Website & Page 16
Rec 2.2	The chair should be an independent director.	No	Website & Page 16
Rec 2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	Website & Page 16
Rec 2.4	The board should establish a nomination committee.	Yes	Website & Page 17
Rec 2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Website & Page 17
Rec 2.6	Companies should provide the information indicated in the Guide to reporting to Principle 2.	Yes	Website & Page 16 & 17
Pr 3	**Promote ethical and responsible decision making**		
Rec 3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: ▪ the practices necessary to maintain confidence in the Company's integrity; ▪ the practices necessary to take account of their legal obligations and reasonable expectations of their stakeholders; and ▪ the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	Website & Page 17
Rec 3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes	Website & Page 17 & 18
Rec 3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	No	Website & Page 17 & 18
Rec 3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Yes	Website & Page 18
Rec 3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	Website & Page 18
Pr 4	**Safeguard integrity in financial reporting**		
Rec 4.1	The board should establish an audit committee.	Yes	Website & Page 18
Rec 4.2	The audit committee should be structured so that it: ▪ consists only of non-executive directors; ▪ consists of a majority of independent directors; ▪ is chaired by an independent chair, who is not the chair of the board; and ▪ has at least three members.	No	Website & Page 18

	Requirement	Comply Yes/ No	Reference/ Explanation
Rec 4.3	The audit committee should have a formal charter.	Yes	Website & Page 18
Rec 4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	Website & Page 18
Pr 5	**Make timely and balanced disclosure**		
Rec 5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior level for that compliance and disclose those policies or a summary of those policies.	Yes	Website & Page 18
Rec 5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	Website & Page 18
Pr 6	**Respect the rights of shareholders**		
Rec 6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Website & Page 18
Rec 6.2	Company should provide the information indicated in the Guide to reporting on Principle 6.	Yes	Website & Page 18
Pr 7	**Recognise and manage risk**		
Rec 7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Website & Page 19
Rec 7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes	Website & Page 19
Rec 7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Website & Page 19
Rec 7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	Website & Page 19
Pr 8	**Remunerate fairly and responsibly**		
Rec 8.1	The board should establish a remuneration committee.	Yes	Website & Page 19
Rec 8.2	The remuneration committee should be structured so that it: ▪ consists of a majority of independent directors; ▪ is chaired by an independent chair; and ▪ has at least three members.	No	Website & Page 17 & 19
Rec 8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Website & Page 19
Rec 8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	Website & Page 19

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Qanda Technology Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Perth, Western Australia
29 September 2014

M R W Ohm
Partner

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2014

		Consolidated Group	
		2014	**2013**
	Notes	**$**	**$**
Revenue from continuing operations	3	3,398,330	3,313,125
Cost of sales		(404,812)	(375,950)
Gross profit		2,993,518	2,937,175
Other income	4	93,357	17,867
Corporate and administrative expenses		(3,568,466)	(2,897,477)
Technical expenses		(575,972)	(392,239)
Marketing and selling expenses		-	-
Research and development expenses		(555,709)	(302,403)
Other expenses	4	(24,407)	(2,405)
Impairment losses	13	(170,153)	(1,275,080)
Results from continuing activities		(1,807,832)	(1,914,562)
Finance income	5	7,861	19,958
Finance costs	5	(64,770)	(96,120)
Net financing costs		(56,909)	(76,162)
Loss before income tax		(1,864,741)	(1,990,724)
Income tax benefit	7	416,448	279,761
Loss from continuing operations		**(1,448,293)**	**(1,710,963)**
Discontinued operations			
Profit from discontinued operations	8	-	2,244,372
Profit/(Loss) for the period		**(1,448,293)**	**533,409**
Other comprehensive loss			
Items which may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	20	(52,246)	35,981
Reclassification adjustments:			
Exchange differences reclassified on disposal of foreign operations		-	(535,226)
Other comprehensive loss for the year, net of tax		(52,246)	(499,245)
Total comprehensive result for the period		**(1,500,539)**	**34,164**
(Loss)/profit for the period is attributable to:			
Non-controlling interest		(647)	235
Owners of the parent	21	(1,447,646)	533,174
		(1,448,293)	**533,409**
Total comprehensive result for the period is attributable to:			
Non-controlling interest		(647)	235
Owners of the parent		(1,499,892)	33,929
		(1,500,539)	**34,164**
Basic (loss)/earnings per share (cents)	28	(0.10)	0.07
Basic (loss)/earnings per share from continuing operations (cents)	28	(0.10)	(0.23)
Diluted (loss)/earnings per share (cents)	28	(0.10)	0.06
Diluted (loss)/earnings per share from continuing operations (cents)	28	(0.10)	(0.20)

The accompanying notes form part of these financial statements

qanda technology.

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2014

	Notes	Consolidated Group 2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	9	220,343	559,179
Trade and other receivables	10	1,376,871	1,029,441
Other current assets	11	24,808	7,971
Total Current Assets		1,622,022	1,596,591
NON CURRENT ASSETS			
Other receivables	10	308	85,308
Property, plant & equipment	12	47,888	28,836
Intangible assets	13	4,421,159	2,417,214
Total Non Current Assets		4,469,355	2,531,358
TOTAL ASSETS		**6,091,377**	**4,127,949**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,013,333	382,640
Other current liabilities	15	760,783	639,902
Borrowings	17	225,000	127,955
Redeemable convertible notes	18	175,000	451,810
Short-term provisions	16	124,140	130,860
Total Current Liabilities		2,298,256	1,733,167
NON CURRENT LIABILITIES			
Borrowings	17	121,694	1,018,973
Other non-current liabilities	15	41,261	39,272
Long-term provisions	16	40,970	41,677
Total Non Current Liabilities		203,925	1,099,922
TOTAL LIABILITIES		**2,502,181**	**2,833,089**
NET ASSETS		**3,589,196**	**1,294,860**
EQUITY			
Issued capital	19	23,566,939	21,298,285
Unissued Capital & Reserves	20	170,305	(306,431)
Accumulated losses	21	(21,178,479)	(19,730,833)
Parent interests		2,558,765	1,261,021
Non-controlling interests		1,030,431	33,839
TOTAL EQUITY		**3,589,196**	**1,294,860**

The accompanying notes form part of these financial statements

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STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

Consolidated	Issued Capital $	Share-based Payments Reserve & Unissued Capital $	Foreign Currency Translation Reserve $	Accumulated Losses $	Owners of the parent $	Non-controlling interest $	Total $
Balance as at 1 July 2013	21,298,285	86,000	(392,431)	(19,730,833)	1,261,021	33,839	1,294,860
Profit for the period	-	-	-	(1,447,646)	(1,447,646)	(647)	(1,448,293)
Other comprehensive income	-	-	(52,246)	-	(52,246)	-	(52,246)
Total comprehensive income for the period	-	-	(52,246)	(1,447,646)	(1,499,892)	(647)	(1,500,539)
Issue of share capital	2,268,654	528,982	-	-	2,797,636	997,239	3,794,875
Balance as at 30 June 2014	**23,566,939**	**614,982**	**(444,677)**	**(21,178,479)**	**2,558,765**	**1,030,431**	**3,589,196**
Balance as at 1 July 2012	21,276,712	86,000	106,814	(20,264,007)	1,205,519	33,604	1,239,123
Profit for the period	-	-	-	533,174	533,174	235	533,409
Other comprehensive income	-	-	(499,245)	-	(499,245)	-	(499,245)
Total comprehensive income for the period	-	-	(499,245)	533,174	33,929	235	34,164
Issue of share capital	21,573	-	-	-	21,573	-	21,573
Balance as at 30 June 2013	**21,298,285**	**86,000**	**(392,431)**	**(19,730,833)**	**1,261,021**	**33,839**	**1,294,860**

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS
for the year ended 30 June 2014

	Notes	Consolidated Group 2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		3,499,897	3,976,356
Payments to suppliers and employees		(4,189,649)	(4,349,283)
Interest received		7,860	19,960
Finance costs		(64,769)	(96,245)
Net cash used in operating activities	29	(746,661)	(449,212)
Cash flows from investing activities			
Purchases of property, plant and equipment		(27,932)	(26,744)
Payments for development costs		(5,000)	(179,020)
Proceeds from sale of business, less cash disposed of	8	-	869,815
Proceeds from sale of property, plant and equipment		-	72
Cash acquired on acquisition of subsidiary		4,256	-
Net cash (used in)/provided by investing activities		(28,676)	664,123
Cash flows from financing activities			
Proceeds from borrowings		125,000	-
Proceeds from issues of shares		430,648	-
Repayment of borrowings		(89,146)	(68,522)
Net cash provided by/(used in) financing activities		466,502	(68,522)
NET (DECREASE)/INCREASE IN CASH HELD		(308,835)	146,389
Cash and cash equivalents at the beginning of the financial year		559,179	386,375
Effect of exchange rate fluctuations		(30,001)	26,415
Cash and cash equivalents at the end of the financial year	9	**220,343**	**559,179**

The accompanying notes form part of these financial statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

These consolidated financial statements of Qanda Technology Ltd for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors on 29 September 2014.

Qanda Technology Ltd (Parent Entity) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Company for the year ended 30 June 2014 comprise the Company and its subsidiaries (consolidated entity or Group).

The nature of the operations and principal activities of the Group are described in the Directors' Report**.**

Basis of preparation

Statement of compliance

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards (AASBs) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial statements of the consolidated entity also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

Basis of measurement

The financial statements have been prepared on the accruals and the historical cost bases.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

Going concern

These financial statements have been prepared on a going concern basis which assumes the Group realising its assets and extinguishing its liabilities in the normal course of business. The Directors acknowledge that stakeholders may be concerned regarding the ability of the Group to continue as a going concern due to the Group having incurred from continuing operations a net loss of $1,448,293 during the financial year (2013: $1,710,963) and having an excess of current liabilities over current assets of $676,234 as at 30 June 2014 (2013: $136,576). These factors may indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise assets and extinguish liabilities in the normal course of business and at the amounts stated in the Financial Report.

The excess of current liabilities over current assets is partly comprised of $564,911 of deferred income which does not represent an outflow of funds in normal circumstances. In addition, a further $320,012 is comprised of employee annual leave and long service leave, which do not necessarily represent immediate cash outflows.

Following year end the Company raised $814,418 (before costs) of new capital to provide ongoing funding to the Group.

The Directors believe there are reasonable grounds to believe that the Group will be able to continue as a going concern after consideration of the following factors:

- The current business development prospects show an increase in activity and should lead to increasing ongoing revenue;
- A substantially updated version of the Marketboomer business unit's web-based procurement platform, Purchase Plus, is having a positive impact on the Group;
- The R&D tax incentive of $461,886, which has been recorded in other receivables in the statement of financial position is expected to be received in October 2014;
- The Directors remain committed to the long-term business plan that is contributing to improved results as the business units progress;
- The budgets and forecasts reviewed by the Directors for the next twelve months anticipate the business will continue to produce improved results.

Furthermore the Directors have the option of seeking further funding to support working capital and the business development activities of the Group by way of equity or debt finance. The Directors are of the opinion that these factors will allow the Group to focus on growth areas and on improving profitability. The Directors continue to monitor the situation closely and are focused on taking all measures necessary to optimise the Group's performance as the business units emerge from the challenging trading environment over the past year.

Basis of preparation (continued)

The Directors believe that the above indicators demonstrate that the Group will be able to pay its debts as and when they become due and payable and to continue as a going concern. Accordingly, the Directors also believe that it is appropriate to adopt the going concern basis in the preparation of the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should it not continue as a going concern.

However, these factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the consolidated entity.

Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are outlined below:

Estimation of impairment of goodwill

The Group determines whether goodwill is impaired on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value-in-use discounted cash flow methodology, to which the goodwill is allocated. Key assumptions used in the value-in-use calculation are set out in Note 13.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining useful life. Depreciation charges are included in Note 12.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Qanda Technology Ltd and its subsidiaries (as outlined in Note 24) as at and for the period ended 30 June each year (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Qanda Technology Ltd are accounted for at cost in the separate financial statements of the Parent Entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of profit or loss and other comprehensive income of the Parent Entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the Parent Entity will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a bargain purchase.

Basis of consolidation (continued)

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the Parent Entity's share of components previously recognised in other comprehensive income to profit or loss.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Board of Directors of Qanda Technology Ltd.

Foreign currency translation

Functional and presentation currency

Both the functional and presentation currency of Qanda Technology Ltd and its Australian subsidiaries is Australian Dollars ($).

The functional currencies of the overseas subsidiaries are as follows:

Entity	Functional currency
Ortas Enterprises Limited	Euro (EUR)
Marketboomer (Thailand) Co. Ltd	Thai Baht (THB)
Marketboomer China Limited	Chinese Yuan (CNY)
Marketboomer Middle East FZLLC	United Arab Emirates Dirham (AED)
Marketboomer South East Asia Pte. Ltd	Singapore Dollars (SGD)
Marketboomer Hospitality Limited	Euro (EUR)

The functional currencies of the overseas subsidiaries are translated to the presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation of overseas subsidiaries' functional currencies to presentation currency

The results of the overseas subsidiaries are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of the net investment in overseas subsidiaries are taken to the foreign currency translation reserve. If an overseas subsidiary were sold, the proportionate share of exchange differences would be transferred out of equity and recognised in the statement of profit or loss and other comprehensive income.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Plant and equipment over 2 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Impairment of non-financial assets other than goodwill

Non-financial assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Goodwill and intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group’s net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

Goodwill and intangible assets (cont'd)

Qanda Technology Ltd performs annual impairment testing using the value-in-use methodology for the cash-generating units to which goodwill has been allocated. Further details on the methodology and assumptions used are outlined in Note 13.

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets is as follows:

Policy	**Patents**	**Development costs**
Useful lives	Finite	Finite
Amortisation method used	Amortised over the period of expected future benefit from the related project on a straight-line basis	Amortised over the period of expected future benefit from the related project on a straight-line basis
Internally generated or acquired	Acquired	Internally generated
Impairment testing	Annually and more frequently when an indication of impairment exists	Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year end.

The patents have been granted for twenty years by the relevant government agency. Therefore, the assets have been assessed as having a finite life.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Expenditures on advertising and promotional expenses are recognised as a component of marketing expense in the statement of profit or loss and other comprehensive income when the Group has either the right to access the goods or has received the services.

Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition.

Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Redeemable convertible notes

The component of the redeemable convertible notes that exhibit characteristics of a liability are recognised as a liability in the statement of financial position, net of transaction costs.

On issuance of the redeemable convertible notes, the fair value of the liability is carried as a long-term liability using the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years.

Interest on the liability component of the instrument is recognised as an expense in profit or loss.

Transaction costs are apportioned between the liability and equity components of the redeemable convertible notes based on the allocation of proceeds to the liability and equity components of the instruments are first recognised.

Issued capital

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

Share based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they were issued.

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, discounts and goods and services tax payable to the relevant taxation authority.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the following specific recognition criteria have been met:

Sale of goods

Revenue from the sale of goods is recognised in the statement of profit or loss and other comprehensive income when there has been a transfer of risks and rewards to the customer and generally title has passed.

Rendering of services

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the contract.

Interest income

Interest income is recognised using the effective interest method.

Income tax

Income tax benefit comprises current and deferred tax. Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Current income tax expense charged to profit or loss is the tax payable on the taxable income for the year, calculated using applicable income tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable/(receivable) in respect of previous years.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year.

Deferred income tax assets and liabilities are recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences in the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset and unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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 legally enforceable right of set-off exists, 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Tax Consolidation

The Parent Entity and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Qanda Technology Ltd.

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Tax Consolidation (continued)

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the Parent Entity as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Parent Entity as an equity contribution or distribution.

The Parent Entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

Earnings per share

The Consolidated Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent Entity by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributed to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Comparative figures

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

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

NOTE 2: FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included in Note 30.

The Group's risk management framework is supported by the Board, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's and consolidated entity risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by the Company and consolidated entity and considering the effectiveness of its internal control system. Management and the Audit and Risk Committee report to the Board.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

Financial risk management objectives

The overall financial risk management strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents and trade and other receivables. For the Parent Entity it arises from receivables due from subsidiaries.

The Group does not hold any credit derivatives to offset its credit exposure.

Trade and other receivables

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation.

Purchase limits may be established where appropriate for individual customers in accordance with parameters set by management.

In addition, receivable balances are regularly monitored and acted upon where necessary to ensure the minimisation of bad debts.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

The Consolidated Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Board has determined an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, redeemable convertible notes and unsecured interest-free loans.

The Group manages liquidity risk by maintaining adequate reserves, monitoring the total expected and actual cash inflows and outflows on a monthly basis and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Foreign currency risk

The Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the Australian Dollar (AUD), but also the Thai Baht (THB), the Chinese Yuan (CNY), Great British Pound (GBP), and Euro (EUR). The currencies in which these transactions primarily are denominated are AUD, THB, CNY, GBP, and EUR.

The Board does not consider the Group is materially exposed to changes in foreign exchange rates. As a result, the Group does not currently seek to mitigate its foreign currency exposures.

The Parent Entity's investments in subsidiaries are not hedged as the currency position is considered to be long-term in nature. The Board believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

Interest rate risk

The Group's exposure to interest rates primarily relates to the Group's long term debt obligations. Fixed interest borrowings expose the consolidated entity to fair value interest rate risk, and variable borrowings expose the Group to cash flow interest rate risk.

The Board manages these risks by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates. The Group does not hedge against these risks.

Capital management

When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board is constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, management may issue new shares, sell assets to reduce debt or consider payment of dividends to shareholders.

The Board has no current plans to issue further shares on the market but this is dependent upon future working capital requirements.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels. The Group had redeemable convertible notes and borrowings of $521,694 at 30 June 2014 (2013: $1,598,738).

The Group has no formal financing and gearing policy or criteria during the year. This position has not changed from the previous year.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to any externally imposed capital requirements.

	Consolidated	
3. REVENUE FROM CONTINUING OPERATIONS	**2014 $**	**2013 $**
Rendering of services	3,398,330	3,313,125

	Consolidated	
4. OTHER INCOME AND EXPENSES	**2014 $**	**2013 $**
(a) Other income		
Other income	93,357	17,867
(b) Other expenses		
Foreign currency translation losses	24,407	2,405
(c) Expenses included in statement of profit or loss and other comprehensive income		
Depreciation	33,156	29,760
Amortisation	164,268	136,689
Impairment loss (Note 13)	170,153	1,275,080
Rental expense on operating leases – minimum lease payments	256,512	224,121
(d) Employee benefits expense		
Salaries and wages	2,450,664	1,923,352
Other associated personnel expenses	169,230	97,500
Superannuation costs	112,089	97,380
(Decrease)/increase in liability for leave	(31,960)	50,965
	2,700,023	2,169,197

		Consolidated 2014 $	Consolidated 2013 $
5.	**FINANCE INCOME AND COSTS**		
	(a) Finance income		
	Interest income	7,861	19,958
	(b) Finance costs		
	Interest expense	64,770	96,120

		Consolidated 2014 $	Consolidated 2013 $
6.	**AUDITORS' REMUNERATION**		
	Audit and half year review services:		
	- audit and half year review of financial reports (HLB Mann Judd (WA) Partnership)	82,500	93,700
	- audit and half year review of financial reports (Moore Stephens Nathan)	5,243	3,738
	- audit and half year review of financial reports (Loke Lum and Partners)	7,291	6,948
	- audit and half year review of financial reports (A.S.K.N. International Audit Services)	3,980	3,571
	- audit and half year review of financial reports (HLB ThinkBridge Financial Consultants)	7,272	9,093
		106,286	117,050

		Consolidated 2014 $	Consolidated 2013 $
7.	**INCOME TAX**		
	(a) Income tax benefit		
	The major components of income tax benefit are:		
	Current income tax		
	R&D Tax offset	498,463	306,323
	Income tax expense for current period	(82,015)	(26,562)
	Income tax benefit reported in the statement of profit or loss and other comprehensive income	**416,448**	**279,761**

	2014 $	2013 $
7. INCOME TAX (continued)		
(b) Numerical reconciliation between aggregate tax benefit recognised in the statement of profit or loss and other comprehensive income and tax benefit calculated per the statutory income tax rate		
A reconciliation between tax benefit and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before income tax	(1,864,741)	(1,990,724)
At the Parent Entity's statutory income tax rate of 30% (2012: 30%)	(559,422)	(597,217)
Non-deductible expenses	522,695	1,036,253
Non-assessable income	-	(125,314)
Other deferred tax assets and tax liabilities not recognised	112,377	(210,129)
Benefit of deferred tax assets recognized for the first time	-	(19,882)
Foreign tax rate adjustment	6,365	(57,149)
Research and development tax incentive	(498,463)	(306,323)
Unused tax losses not recognised as deferred tax assets	-	-
Aggregate income tax benefit	**(416,448)**	**(279,761)**
(c) Current tax liabilities		
Income tax payable attributable to:		
Subsidiaries	55,847	26,562
(d) Unrecognised deferred tax balances		
The following deferred tax assets have not been brought to account:		
Losses available for offset against future taxable income	1,688,051	1,379,966
Accrued expenses and liabilities	170,713	127,895
Unrecognised deferred tax assets	1,858,764	1,507,861

The Group has brought forward group tax losses, the availability of which has yet to be determined in accordance with Australian Taxation Law.

Tax rates

The potential tax benefit at 30 June 2014 in respect of tax losses not brought to account has been calculated at 30% for Australian entities. This same rate applied for the year ended 30 June 2013.

8. DISCONTINUED OPERATION

In November 2012, the Group entered into a share sale agreement with US-based Fastvue Inc, to divest its 100% interest in the WebSpy business unit comprising the Australian, US and UK Subsidiaries and the intellectual property of the WebSpy software on a going concern basis. The transaction settled on 12 November 2012, with the Group receiving consideration comprising immediate cash proceeds of $800,000, a further cash payment in relation to a net operating surplus adjustment of $128,564 as determined at the settlement date, of which all the proceeds have been received and up to a further $250,000 based on the following formula:

If, on each six (6) month anniversary following the Settlement Date (each a Half Yearly Date) the total revenue for the previous six months from the sale, licencing, renewal or upgrade of WebSpy products by any means whatsoever, equals or exceeds $525,000, then 35% of the portion of any revenue that exceeds $525,000 (exclusive of GST or sales taxes) shall be paid by the Purchaser to the Vendor within 14 days of the relevant six monthly period and shall continue in perpetuity until the total deferred consideration payable to the Vendor has been paid in full.

In December 2013 the Directors took the view that the potential additional amount to be received under the share sale agreement should be fully provided for as realisation was unlikely. This amount has now been fully impaired.

Total gain on disposal The amount attributable to discontinued operations is:	**Year ended 30 June 2014 $**	**Year ended 30 June 2013 $**
Profit after tax from discontinued operations (iv)	-	134,300
Gain on disposal (i)	-	2,110,072
	-	**2,244,372**

(i) Consideration received or receivable	**30 June 2013 $**
Cash	800,000
Net operating surplus adjustment	128,564
Contingent consideration component	125,000
Total disposal consideration	1,053,564
Net liabilities disposed of	1,056,508
Gain on disposal before income tax	2,110,072
Income tax expense	-
Gain on disposal after income tax	**2,110,072**

(ii) Net liabilities as at date of sale

The carrying amounts of assets and liabilities as at the date of sale in November 2012 were:

Cash and cash equivalents	77,513
Trade and other receivables	139,364
Property, plant and equipment	9,893
Trade and other payables	(192,407)
Deferred income	(480,860)
Employee provisions	(74,785)
Net liabilities	(521,282)
Exchange differences reclassified on disposal of business unit	(535,226)
Total	**(1,056,508)**

(iii) Net cash inflow on disposal

The cash inflow on disposal is:

Cash consideration received	947,328
Net cash and cash equivalents disposed of	(77,513)
Net cash inflow on disposal	**869,815**

8. DISCONTINUED OPERATION (continued)

Total gain on disposal (continued)

(iv) Financial performance and cash flow information

The financial performance and cash flow information presented for the year ended 30 June 2013 is for the period from 1 July 2012 until the date of disposal being 12 November 2012.

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
Financial performance from discontinued operation		
Revenue	-	419,557
Expenses	-	(285,257)
Profit before tax from discontinued operations	-	134,300
Income tax expense	-	-
Profit after tax from discontinued operations	**-**	**134,300**
Cash flows from discontinued operation		
Net cash flow from operating activities	-	105,448
Net cash from from investing activities	-	871,398
Net cash flow from financing activities	-	-
	-	**976,846**

9. CASH AND CASH EQUIVALENTS

	Consolidated 2014 $	2013 $
Cash at bank and on hand	220,343	559,179
	220,343	**559,179**

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods up to three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 30.

10. TRADE AND OTHER RECEIVABLES

	Consolidated 2014 $	2013 $
Current		
Trade receivables (i)	761,814	682,740
Allowance for impairment loss (a)	(77,080)	(76,165)
	684,734	606,575
Other receivables	84,383	113,330
Research and Development Tax Incentive (ii)	553,502	272,747
Loan to key management personnel (b)	12,654	12,654
Deposits (c)	41,598	24,135
	1,376,871	**1,029,441**
Non-Current		
Other receivables	308	85,308

10. TRADE AND OTHER RECEIVABLES (continued)

(i) The average credit period on trade receivables for the Group is 126 days. This is heavily influenced by local conditions in China and Thailand. Excluding these businesses the average credit period is 37 days.

(ii) The gross amount of the R&D Tax Incentive in 2014 is $553,502.

(a) Credit risk and impairment losses

The Group's exposure to credit risk and impairment losses relating to trade and other receivables is disclosed in Note 30.

(b) Related party receivables

For terms and conditions of related party receivables refer to Note 24.

(c) Deposits

Deposits represented amounts lodged as security pursuant to property rental agreements for the following entities in the Group:

	Consolidated	
	2014	2013
	$	$
Drive My Car Rental Pty Ltd	15,550	-
Marketboomer South East Asia Pte. Ltd	2,040	2,047
Marketboomer China Limited	16,225	13,947
Marketboomer (Thailand) Co. Ltd	6,283	6,641
Marketboomer Pty Ltd	1,500	1,500
	41,598	24,135

	Consolidated	
	2014	2013
11. OTHER ASSETS	$	$
Prepayments	**24,808**	**7,971**

	Consolidated	
	2014	2013
12. PROPERTY, PLANT AND EQUIPMENT	$	$
At 1 July	28,836	71,727
Additions	46,767	26,744
Disposals	(1,535)	(40,451)
Impairment	-	-
Exchange differences	6,976	(3,777)
Adjustments to accumulated depreciation	-	4,353
Depreciation charge for the year	(33,156)	(29,760)
At 30 June, net of accumulated depreciation	**47,888**	**28,836**
At 30 June		
Cost	661,290	821,724
Accumulated depreciation	(613,402)	(792,888)
Net carrying amount	**47,888**	**28,836**

Impairment of property, plant and equipment

There was no impairment loss relating to property, plant and equipment during the 2014 financial year (2013: nil)

	Consolidated			
13. INTANGIBLE ASSETS	Software Development costs	Patents	Goodwill	Total
	$	$	$	$
At 1 July 2013	392,842	2,859	2,021,513	2,417,214
Acquisition of DMCR and Rentoid	258,667	-	2,079,699	2,338,366
Impairment loss	(170,153)	-	-	(170,153)
Amortisation charge for the year	(163,860)	(408)	-	(164,268)
At 30 June 2014, net of accumulated	**317,496**	**2,451**	**4,101,212**	**4,421,159**
At 30 June 2014				
Cost (gross carrying amount)	1,298,435	8,167	4,101,212	5,407,814
Impairment	(170,153)	-	-	(170,153)
Accumulated amortisation	(810,786)	(5,716)	-	(816,502)
Net carrying amount	**317,496**	**2,451**	**4,101,212**	**4,421,159**
At 1 July 2012	332,638	3,267	3,296,593	3,632,498
Additions	196,485	-	-	196,485
Impairment loss	-	-	(1,275,080)	(1,275,080)
Amortisation charge for the year	(136,281)	(408)	-	(136,689)
At 30 June 2013, net of accumulated depreciation	**392,842**	**2,859**	**2,021,513**	**2,417,214**
At 30 June 2013				
Cost (gross carrying amount)	742,744	8,167	3,296,593	4,047,504
Impairment	-	-	(1,275,080)	(1,275,080)
Accumulated amortisation	(349,902)	(5,308)	-	(355,210)
Net carrying amount	**392,842**	**2,859**	**2,021,513**	**2,417,214**

(a) Description of the Group's intangible assets and goodwill

(i) Software Development costs

Software Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. Marketboomer's intangible asset has been assessed as having a finite life of 4 years and that of DMCR 2.5 years. Both are amortised using the straight line method over their respective finite lives. The amortisation has been recognised in the statement of profit or loss and other comprehensive income in the line item "corporate and administrative expenses". If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(ii) Patents

Patents were acquired through business combinations and are carried at cost less accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 10 years. During the 2014 financial year, amortisation was recognised and updated to reflect the applicable amortisation policy. The amortisation has been recognised in the statement of profit or loss and other comprehensive income in the line item "corporate and administrative expenses". The patents have been granted for twenty years by the relevant government agency. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(iii) Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer to section (c) of this note).

(b) Recoverability of development costs

The carrying amount of an intangible asset representing previously capitalised product development related to Marketboomer Classic was assessed. The value remaining to be amortised is $99,163. At the current rate of

13. INTANGIBLE ASSETS (continued)

amortisation this represents an expected life for the original Marketboomer product of a further 11 months. This is reasonable and in line with management expectations.

DMCR has a remaining value of $3,667 of development costs when acquired, which has been fully amortised during the year. Development costs acquired as part of the acquisition of DMCR and Rentoid were assessed as having a fair value of $250,000 upon acquisition. The value remaining to be amortised is $218,333. At the current rate of amortisation this represents an expected life for the DMCR system of a further 26 months.

(c) Impairment tests for goodwill

No impairment loss was recognised for continuing operations in the 2014 financial year.

Goodwill acquired through business combinations and patents and licences have been allocated to two individual cash generating units, which are reportable segments, for impairment testing as follows:

- Marketboomer Holdings Pty Ltd
- DMCR

Marketboomer Holdings Pty Ltd

The recoverable amount of the Marketboomer Holdings Pty Ltd unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five year period.

The discount rate applied to cash flow projections is 14.9% (2013: 14.9 %) and cash flows beyond the 2015 financial year are extrapolated using a 3% nominal growth rate (2013: 3%) projected to perpetuity.

DMCR

The recoverable amount of the DMCR unit is also determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five year period and then projected to perpetuity at a 3% nominal growth rate (2013: not applicable as the unit was not part of the Group).

The discount rate applied to cash flow projections is 14.9% (2013: not applicable as the unit was not part of the Group).

Carrying amount of goodwill, patents and licences allocated to each of the cash generating units

	Consolidated					
	Marketboomer Holdings Pty Ltd		DMCR		Total	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
Carrying amount of patents	2,450	2,858	-	-	2,450	2,858
Carrying amount of goodwill	2,021,513	2,021,513	2,079,699	-	4,101,212	2,021,513

Key assumptions used in value in use calculations for the Marketboomer Holdings Pty Ltd and DMCR

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of the Marketboomer Holdings Pty Ltd unit.

- Revenue – the basis used to determine the value assigned to revenue is based on current levels to which expected values for new business have been added. As the provider of a licenced application well entrenched with the customer base, sharp declines are not expected.
- Costs – in deriving the values assigned to costs management has considered the existing base and future benefits in areas such as outsourced hosting. The increasing value allows for the additional requirements of the amount of new business forecast.
- Inflation – the current rate of around 3% is maintained.

The following describes each key assumption on which management has based its cash flow projections when determining the value in use of the DMCR unit.

- Revenue – the basis used to determine the value assigned to revenue is based on current levels to which expected values for new business have been added.
- Costs – in deriving the values assigned to costs management has considered the existing base and future expected costs with the increasing size of the business. The increasing value allows for the additional requirements of the amount of new business forecast.
- Inflation – the current rate of around 3% is maintained.

13. INTANGIBLE ASSETS (continued)

(c) Impairment tests for goodwill

Impact of possible changes in key assumptions:

The Directors are of the opinion that there are no reasonably expected changes in key assumptions upon which management have based its determination of recoverable amounts which would cause the carrying amount of either cash-generating unit to exceed its recoverable amount.

	Consolidated	
	2014	2013
14. TRADE AND OTHER PAYABLES	$	$
Trade creditors (i)	575,197	151,167
Other creditors and accruals	438,136	231,473
	1,013,333	**382,640**

(i) Trade creditors are non-interest bearing and are normally settled on 60 day terms.

The Company's exposure to liquidity risk relating to trade and other payables are disclosed in Note 30.

	Consolidated	
	2014	2013
15. OTHER LIABILITIES	$	$
Current		
Employee Termination Payable	**195,872**	**202,810**
Deferred income	**564,911**	**437,092**
	760,783	**639,902**
Non-Current		
Employee Termination Payable	**41,261**	**39,272**
Deferred income	**-**	**-**
	41,261	**39,272**

Deferred income consists of licence fees paid in advance.

	Consolidated	
	2014	2013
16. PROVISIONS	$	$
Current		
Liability for employee benefits	**124,140**	**130,860**
Non-Current		
Liability for employee benefits	**40,970**	**41,677**
Movements in provisions		
At 1 July	172,537	536,768
Arising during the year	-	154,126
Utilised	(7,427)	(276,276)
Unused amounts reversed	-	-
Transfer to payables	-	(242,081)
At 30 June	**165,110**	**172,537**

16. PROVISIONS (continued)

Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The amount provided for leave that is not to be expected to be taken or paid within the next 12 months is $40,970 (2013: $41,677).

17. BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the Group's exposure to interest rate and liquidity risks, see Note 30.

	Consolidated	
	2014	**2013**
	$	**$**
Current		
Unsecured loan	225,000	50,000
Unsecured bank loan	-	77,955
	225,000	**127,955**
Non-Current		
Secured loan	121,694	-
Unsecured loan	-	947,239
Unsecured bank loan	-	71,734
	121,694	**1,018,973**

(a) Terms of borrowings

Unsecured loan – current

The unsecured loan of $125,000 classified as current bears interest at a rate of 12% p.a. Pursuant to the terms of the loan agreement dated 30 January 2014, the repayment commences in July 2014 or upon finalisation of the Group's rights issue raising.

The unsecured loan of $100,000 classified as current bears no interest. Pursuant to the terms of the loan agreement dated 22 May 2014, the repayment commences the earlier of August 2014 or 5 business days from of completion of the rights issue.

Secured loan – non-current

The Secured loan classified as non-current bears interest at a rate of 10% pa. The Secured loan is secured against the assets of DMCR. Pursuant to the terms of the loan agreement dated 19 February 2014, the repayment of the loan is due on 19 February 2016.

(b) Defaults and breaches

During the current and prior years, there were no defaults or breaches on any of the loans.

Finance facilities available

At balance date, the following financing facilities had been negotiated and were available:

17. BORROWINGS (continued)

	Consolidated 2014 $	2013 $
Total facilities		
Bank loans	-	149,689
Other loans	-	997,239
	-	**1,146,928**
Facilities used at balance date		
Bank loans	-	149,689
Other loans	-	997,239
	-	**1,146,928**
Facilities unused at balance date		
Bank loans	-	-
Other loans	-	-
	-	-

18. REDEEMABLE CONVERTIBLE NOTES	2014 $	2013 $
Current		
Redeemable convertible notes	**175,000**	**451,810**
Non-Current		
Redeemable convertible notes	-	-

(a) Redemption of notes

On 5 November 2013, 187,500,000 shares were issued upon conversion of notes in accordance with the terms of the secured redeemable convertible note facility deed to Simon Philip Wallace and Sievwrights Trustee Services No.4 Limited.

(b) Terms of notes

At the date of this report, the Group has the following convertible notes on issue:

Issue Date	Facility Amount A$	Number of Notes	Note Holder	Maturity Date
13 March 2012	75,000	18,750,000	Jayaych Holdings Pty Limited <Jonathan Harris No.1 Trust>	12 December 2014
16 March 2012	100,000	25,000,000	A.J.Brackin Pty Limited <A.J.Brackin Family Trust>	16 January 2015
	175,000	43,750,000		

Interest accrues on each note on a daily basis from the issue date at a rate of 12% per annum and is payable monthly in arrears.

18. REDEEMABLE CONVERTIBLE NOTES (continued)

(a) Redemption of notes

Each note has a face value of $0.004 and may be converted by:

(a) the note holders:

- at any time between the first anniversary of the issue date and maturity date;
- if the Company defaults in redeeming the notes after the maturity date;
- in an event of default ; or

(b) the Parent Entity, at any time during the period on or before maturity date, during which the 30 day VWAP is $0.02 or more the Company may request that the note holders convert, however should they not elect to do so, the maximum conversion price as outlined in the following paragraph will no longer apply, and the conversion price shall revert to a 30% discount to the prevailing 30 day VWAP.

Notes are convertible into fully paid ordinary shares at a conversion price which is a 30% discount to the current 30 day VWAP, but at a minimum price of $0.004, and a maximum of $0.009, unless the right to the maximum price has been waived by the note holders following a request by the Company as detailed in the preceding paragraph.

Conversion is subject to adjustment for reorganisation of the issued capital of the Company (in accordance with Listing Rule 7.21) or to the issue price in the event of a bonus issue, rights issue or placement of shares at an issue price lower than the deemed issue price of $0.004 prior to the maturity date.

If the note holders do not elect to convert the notes prior to the applicable maturity date, the notes will be redeemed and the Parent Entity must repay the facilities plus any unpaid interest on the maturity date.

Where an event of default occurs, the note holders will be entitled to redeem or convert the notes plus any unpaid interest in accordance with the terms of the deeds.

The deeds are governed by the laws of New South Wales and otherwise contain terms and conditions usually found in agreements of this kind.

(c) Assets pledged as security

The facilities are secured by a first ranking registered security interest under the Personal Property Securities Act 2009 (Cth) over the assets and undertakings of Qanda Technology Limited, with the security interests of the Note Holders ranking equally in their respective portions of the Facilities.

(d) Fair value

The Directors consider that the carrying amounts of the redeemable convertible notes recorded in the financial statements approximate their fair values.

Having regard to the specific terms and conditions of the deeds and for the purposes of the Australian Accounting Standards, the Directors have determined the equity portion of the redeemable convertible notes is immaterial.

(e) Interest rate and liquidity risks

The Group's exposure to interest rate and liquidity risks relating to redeemable convertible notes is disclosed in Note 30.

	Consolidated	
	2014	2013
19. ISSUED CAPITAL	$	$
2,261,599,600 (2013: 779,099,600) fully paid ordinary shares	**23,566,939**	**21,298,285**

(a) Ordinary shares

The following movements in ordinary share capital occurred during the year:

	2014 Number of Shares	2013 Number of Shares	2014 $	2013 $
Balance at beginning of year	779,099,600	713,706,375	21,298,285	21,276,712
Issue of shares at $0.001 each by share placement[1]	115,000,000	-	115,000	-
Conversion of notes	187,500,000	-	286,988	-
Issued as per 2012 subscription agreement adjustment clause[1]	225,000,000	-	-	-
Issue of shares at $0.002 each as part consideration for acquisition of DMCR	780,000,000	-	1,560,000	-
Issue of shares at $0.002 each by share placement	175,000,000	-	350,000	-
Issued of shares per 2010 subscription agreement adjustment clause	-	40,000,000	-	-
Issued of shares per 2010 subscription agreement adjustment clause	-	20,000,000	-	-
Issue of shares at $0.004 each for services rendered	-	5,393,225	-	21,573
Less share issue costs	-	-	(43,334)	-
Balance at end of year	2,261,599,600	779,099,600	23,566,939	21,298,285

1. A placement in August 2013 raising $115,000 at an issue price of $0.001 per share triggered the adjustment clause in subscription agreements entered into by the Company in 2012. Approval of the issue of the 225,000,000 additional shares required to be issued to meet the adjustment obligation was approved by shareholders on 10 January 2014.

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Parent Entity in proportion to the number and amounts paid on the shares held.

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

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

(b) Options

The Company issued 125,000,000 options exercisable at $0.002 each and expiring on 30 April 2017 on 14 March 2014. The Company then issued 50,000,000 options exercisable at $0.002 each and expiring on 30 April 2017 on 28 May 2014. On 11 Jun 2014 the Company issued 226,160,041 options exercisable at $0.002 each and expiring on 30 April 2017 pursuant to a Bonus Issue to all shareholders.

At 30 June 2014 unissued ordinary shares of the Company under option were:

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Options	30 April 2017	$0.002	401,160,041

These options do not entitle the holder to participate in any share issue of the Company or any other entity. No options were exercised during the year.

19. ISSUED CAPITAL (continued)

(c) Capital management

The Group's objectives when managing capital are disclosed in Note 2.

	Consolidated	
20. RESERVES	**2014 $**	**2013 $**
Foreign currency translation reserve		
Balance at beginning of the year	(392,431)	106,814
Currency translation differences	(52,246)	35,981
Exchange differences reclassified on disposal of foreign operations	-	(535,226)
Balance at the end of the year	(444,677)	(392,431)
Share-based payments reserve		
Balance at beginning of the year	86,000	86,000
Deferred consideration	520,000	-
Entitlement unissued Share Funds	8,982	-
Balance at the end of the year	614,982	86,000
TOTAL RESERVES	**170,305**	**(306,431)**

Foreign currency translation reserve

This reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and exchange differences on net investments in foreign operations.

Share-based payment reserve

This reserve is used to record the value of equities that will be issued at a future date.

(i) Opening balance

The value of options previously issued.

(ii) Deferred consideration

On 19 February 2014, the Company acquired a 100% interest in DMCR. As part of the acquisition the Company agreed to deferred consideration represented by 260,000,000 shares to be issued should performance criteria be satisfied. The Company considers that the criteria will be satisfied and has assessed the value of the shares at $0.02 per share. These shares have not yet been issued. Refer to Note 27 for full details of the acquisition.

(iii) Entitlement Unissued Share Funds

Funds received on or before 30 June 2014 as part of the Entitlement Issue. The corresponding shares were issued on 7 July 2014.

	Consolidated	
21. ACCUMULATED LOSSES	**2014 $**	**2013 $**
Accumulated losses at beginning of year	(19,730,833)	(20,264,007)
(Loss)/profit for the year	(1,447,646)	533,174
Accumulated losses at end of year	**(21,178,479)**	**(19,730,833)**

22. SHARE-BASED PAYMENTS

There were no share-based payments during the year.

23. KEY MANAGEMENT PERSONNEL

	Consolidated 2014 $	Consolidated 2013 $
Key management personnel compensation		
Short-term benefits	247,693	237,833
Long-term benefits	3,200	5,513
Post-employment benefits	18,685	17,805
Share based payment	-	-
Total compensation	**269,578**	**261,151**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 10 to 15.

Other key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of those entities transacted with the Company during the year. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amount recognised during the year relating to key management personnel and their related parties were as follows:

Director	Transaction	Note	Transactions value for the year ended 30 June 2014 $	Transactions value for the year ended 30 June 2013 $
Mr K Redstall	Consultancy fees	1	-	5,000
		2	10,200	25,000
Mr B Donovan	Consultancy fees	3	8,900	500

Notes in relation to the table of related party transactions

1. A company associated with Mr Redstall provided ad hoc consultancy services in connection with the operations of the Company and for the management of capital raising. Terms for such services were based on market rates, and amounts were payable on normal commercial terms.
2. A company associated with Mr Redstall received a fee for providing services associated with due diligence on the acquisition of the DMCR. The fee in 2013 was for services related to the sale of the WebSpy business.
3. Mr Donovan provided consultancy services in connection with the operations of the Company. Terms for such services were based on market rates, and amounts were payable on normal commercial terms.

There were no other key management personnel transactions during the 2014 or 2013 financial years.

Loan to key management personnel

(i) Details of loan to key management personnel:

	Consolidated 2014 $	Consolidated 2013 $
Current		
Loan to key management personnel	12,654	12,654

(ii) Terms and conditions of loan to key management personnel

The loan to key management personnel is unsecured and interest free. No amount was repaid during the year. However, the loan may be called at any time.

24. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The consolidated financial statements include the financial statements of Qanda Technology Ltd and its subsidiaries listed in the following table:

Name	Country of Incorporation	Date of Incorporation	Equity Interest 2014 %	Equity Interest 2013 %
Drive My Car Rentals Pty Ltd	Australia	5 September 2009	100.0%	-
Drive My Fleet Pty Ltd	Australia	15 December 2010	100.0%	-
Rentoid Group Pty Ltd	Australia	28 April 2014	100.0%	-
Marketboomer Holdings Pty Ltd[1]	Australia	25 March 2014	50.5%	-
Ortas Enterprises Limited[1]	Cyprus	14 September 2004	-	100.0%
Marketboomer (Thailand) Co. Ltd[1]	Thailand	25 December 2009	-	49.0%
Marketboomer Pty Ltd[1]	Australia	21 August 1997	-	100.0%
Marketboomer China Limited[1]	China	7 April 2006	-	100.0%
Marketboomer Middle East FZL LC[1]	United Arab Emirates	13 March 2006	-	100.0%
Marketboomer South East Asia Pte. Ltd[1]	Singapore	11 April 2008	-	100.0%
Marketboomer Hospitality Limited[1]	Ireland	6 February 2006	-	100.0%
ACN 127 641 641 Pty Ltd[1]	Australia	20 September 2007	-	100.0%

1. The Group has entered into agreements to convert the $1 million loan facility from its lender Finecross Security Limited into a 49.5% interest in Marketboomer Holdings Pty Ltd, the subsidiary established to hold the subsidiaries that comprise the Marketboomer business. The subsidiaries consist Ortas Enterprises Limited, Marketboomer (Thailand) Co Ltd, Marketboomer Pty Ltd, Marketboomer China Limited, Marketboomer Middle East FZ LLC, Marketboomer Hospitality Limited and ACN 127 641 641 Pty Ltd. The transactions were completed on 30 June 2014.

(b) Ultimate parent

Qanda Technology Ltd is the ultimate parent entity, incorporated in Australia on 20 September 1994.

(c) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in Note 23.

(d) Loans to related parties

Loans are made by the Parent Entity, Qanda Technology Ltd, to its wholly owned subsidiaries for capital purchases and working capital purposes. The loans outstanding between the Parent Entity and its subsidiaries have no fixed date of repayment and are non-interest bearing. Details of the Parent Entity's interest in its subsidiaries are set out in Note 24 (a).

	Parent Entity 2014 $	Parent Entity 2013 $
Non-Current		
Loans to subsidiaries	316,634	1,482,633
Allowance for impairment loss	-	(1,482,633)
	316,634	-

No dividends were received from the subsidiaries in the 2014 or 2013 financial years.

24. RELATED PARTY DISCLOSURES (continued)

(e) Loans from related parties

	Consolidated 2014 $	Consolidated 2013 $
Current		
Unsecured loans[1]	225,000	-
	225,000	**-**
Non-Current		
Secured loan[2]	121,694	-
	121,694	

[1] The unsecured loans comprise $125,000 provided to DMCR by the Company's shareholder, Dominet Digital Corporation Pty Ltd (an entity related to Mr Domenic Carosa). The details are provided in Note 17 and $100,000 provided to the Company by Dagenham Investments Limited, a shareholder in Marketboomer Holdings Pty Ltd.

[2] The secured loan has been provided by the Company shareholder, Future Capital Development Fund Pty Ltd (an entity related to Mr Domenic Carosa). The details are provided in Note 17.

25. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The Group has entered into commercial leases on its offices. These non-cancellable leases have minimum remaining terms of between one and three years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The leases generally provide the Group with a right of renewal at which time all terms are renegotiated.

Future minimum rentals payable under the non-cancellable operating leases as at 30 June are as follows:

	Consolidated 2014 $	Consolidated 2013 $
Within one year	193,438	292,283
After one year but not more than five years	281,732	78,464
	475,170	370,747

Service commitments

The Group has entered into a contract for hosting and management services on certain items of equipment. The contract is in the process of being re-negotiated and is currently on a month to month basis.

Future minimum fees payable under the non-cancellable contract as at 30 June are as follows:

	Consolidated 2014 $	Consolidated 2013 $
Within one year	14,494	25,881
After one year but not more than five years	-	-
	14,494	25,881

25. COMMITMENTS AND CONTINGENCIES (continued)

Remuneration commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:

	Consolidated	
	2014	**2013**
	$	**$**
Within one year	-	220,685
After one year but not more than five years	-	-
	-	220,685

Amounts disclosed as remuneration commitments include commitments arising from the employment agreements of directors and executives referred to in the Remuneration Report of the Directors' Report that are not recognised as liabilities and are not included in the compensation of key management personnel.

Contingencies

The Group does not have any contingent liabilities at reporting date.

26. SEGMENT INFORMATION

The Group had two reportable segments, as described below, which are the Group's strategic business units. The Group has identified its business units based on the internal reports that are reviewed on a monthly basis and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The following summary describes the operations in each of the Group's reportable segments:

- *Marketboomer:* Internet based procurement and materials management system.
- *Collaborative Consumption Marketplaces:* Internet based peer-to-peer marketplace.

Collaborative consumption marketplace only commences from 19 February 2014 to 30 June 2014, the date on which DMCR was acquired by the Company.

30 June 2014	**Marketboomer**	**Collaborative Consumption Marketplaces**	**Consolidated**
	$	**$**	**$**
Segment revenue and income	3,357,409	139,590	3,496,999
Other unallocated revenue and income			2,549
Total revenue and income			3,499,548
Segment result	(1,631,612)	(233,129)	(1,864,741)
Unallocated revenues and expenses			-
Loss from ordinary activities before related income tax expense			(1,864,741)
Depreciation and amortisation	(153,187)	(44,237)	(197,424)
Segment assets	3,593,299	2,498,078	6,091,377
Capital expenditure	(19,144)	(9,862)	(29,006)
Segment liabilities	(1,637,552)	(864,629)	(2,502,181)

26. SEGMENT INFORMATION (continued)

30 June 2013	Marketboomer $	Collaborative Consumption Marketplaces $	Consolidated $
Segment revenue and income	3,313,125	-	3,313,125
Other unallocated revenue and income			419,557
Total revenue and income			3,732,682
Segment result	(1,990,724)	-	(1,990,724)
Unallocated revenues and expenses			2,244,372
Loss from ordinary activities before income tax expense			253,648
Depreciation and amortisation	(165,904)	-	(165,904)
Segment assets	4,127,949	-	4,127,949
Capital expenditure	(42,829)	-	(42,829)
Segment liabilities	(2,833,089)	-	(2,833,089)

The Group has not presented geographical information as the necessary information is not available and management believes the cost to develop such information would be excessive.

27. ACQUISITION OF SUBSIDIARY

Acquisition of the DriveMyCar Rentals Pty Ltd (DMCR)

On 19 February 2014, the Company acquired a 100% interest in DMCR which owns the DMCR business and assets, which operates Australia's leading online marketplace for private car rentals (drivemycarrentals.com.au).

The consideration transferred was $2,080,000 and comprised an issue of fully paid ordinary shares and a contingent consideration component. The Company issued 780,000,000 fully paid ordinary shares in the Company (Shares) and 260,000,000 deferred shares (Deferred Shares) (together, the Consideration Shares) to the vendors at a deemed issue price of 0.2 cents per Consideration Share, following shareholder approval at the Company's general meeting held 10 January 2014.

The Consideration Shares have been valued at 0.2 cents per Consideration Share based on the trading price of the Company on the date of issue.

The Deferred Shares are to be issued to the vendors of DMCR subject to DMCR achieving an audited net profit before tax of at least $500,000 in any consecutive 12 month period in the 36 months following settlement of the acquisition. If these events do not occur within the 36 months from the settlement date of the acquisition, the Deferred Consideration Shares will not be allotted.

The Group has recognised the fair values of the identifiable assets and liabilities of DMCR based upon the best information available as of the reporting date. Provisional business combination accounting is as follows:

	Fair Value $
Cash and cash equivalents	4,256
Trade and other receivables	113,445
Income tax receivable	55,039
Property, plant and equipment	18,835
Intangible assets	3,667
	195,242
Trade and other payables	(223,247)
Loans and borrowings	(221,694)
Net liabilities acquired	**(249,699)**

27. ACQUISITION OF SUBSIDIARY (continued)

	Fair Value $
Goodwill arising on acquisition	2,079,699
Website recognised on acquisition	250,000
Consideration transferred	**2,080,000**

Acquisition-date fair value of consideration transferred	
Share issued, at fair value	1,560,000
Contingent consideration	520,000
Consideration transferred	**2,080,000**

The statement of comprehensive income includes sales revenue and net loss for the year of $131,082 and $196,552 respectively, as a result of the acquisition of DMCR. The acquisition was completed on 19 February 2014. Had the acquisition been effected 1 July 2013 the revenue contribution would have been $392,608 and the loss $525,746. The loss included a range of costs associated with the sale of DMCR to the Company.

Key factors contributing to the $2,079,699 of goodwill are the synergies existing within the acquired business, and synergies expected to be achieved as a result of combining DMCR with the rest of the Group.

The Group incurred acquisition-related costs of $173,689 relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in corporate and administrative expenses in the Group's consolidated statement of comprehensive income.

Acquisition of Rentoid.com

The Company incorporated Rentoid Group Pty Ltd on 28 April 2014 for the purpose of acquiring the rentoid.com website and business. The website was acquired on 5 May 2014 for consideration of $5,000. No revenue and no net gain or loss is reflected in the statement of comprehensive income.

Restructure of Marketboomer

The Company incorporated Marketboomer Holdings Pty Ltd on 25 March 2014. The Company has entered into agreements to convert the $1 million loan facility from its lender Finecross Security Limited into a 49.5% interest in Marketboomer Holdings Pty Ltd, the subsidiary established to hold the entities that comprise the Marketboomer business. These consist of Ortas Enterprises Limited, Marketboomer (Thailand) Co Ltd, Marketboomer Pty Ltd, Marketboomer China Limited, Marketboomer Middle East FZ LLC, Marketboomer Hospitality Limited and ACN 127 641 641 Pty Ltd. The transactions were completed on 30 June 2014.

28. LOSS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of $1,448,293 (2013 profit: $533,409) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2014 of 1,403,524,257 (2013: 748,105,003) calculated as follows:

	2014			2013		
Profit/(loss) attributable to ordinary shareholders (basic)	**Continuing Operations $**	**Discontinued Operations $**	**Total $**	**Continuing Operations $**	**Discontinued Operations $**	**Total $**
Profit/(loss) attributable to the ordinary shareholders	(1,448,293)	-	(1,448,293)	(1,710,963)	2,244,372	533,409

28. LOSS PER SHARE (continued)

Weighted average number of ordinary shares	2014 Number	2013 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,403,524,257	748,105,003

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2014 was based on the loss attributable to ordinary shareholders of $1,412,529 (2013 profit: $569,109) and a weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares during the financial year ended 30 June 2014 of 1,447,274,257 (2013: 854,355,003) calculated as follows:

	2014			2013		
Profit/(loss) attributable to ordinary shareholders (diluted)	**Continuing Operations $**	**Discontinued Operations $**	**Total $**	**Continuing Operations $**	**Discontinued Operations $**	**Total $**
Profit/(loss) attributable to the ordinary shareholders (basic)	(1,448,293)	-	(1,448,293)	(1,710,963)	2,244,372	533,409
Interest expense on convertible notes, net of tax	35,764	-	35,764	35,700	-	35,700
Profit/(loss) attributable to the ordinary shareholders (diluted)	(1,412,529)	-	(1,412,529)	(1,675,263)	2,244,372	569,109

Weighted average number of ordinary shares	2014 Number	2013 Number
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,447,274,257	854,355,003

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	2014 Number	2013 Number
Options on issue	401,160,041	25,000,000
	401,160,041	25,000,000

Options to acquire ordinary shares are not considered dilutive as the exercise of the options would decrease the basic loss per share.

	Consolidated 2014 $	2013 $
29. CASH FLOW STATEMENT RECONCILIATION		
(a) Reconciliation of net loss after tax to net cash used in operating activities		
Net profit/(loss) after income tax	(1,448,293)	533,409
Adjustments for:		
Depreciation	33,156	32,502
Amortisation	164,268	136,689
Impairment loss	170,153	1,275,080
Loss on disposal of property, plant and equipment	1,536	(72)
Foreign exchange loss	(7,275)	12,326
Gain on disposal	-	(2,003,836)
Other non-cash items	59,911	55,496
Operating profit/(loss) before changes in working capital and provisions	(1,026,544)	41,594
Changes in assets and liabilities:		
Change in trade and other receivables	(143,051)	(251,975)
Change in prepayments	(9,737)	(4,542)
Change in deferred tax assets	-	-
Change in deferred tax liabilities	-	-
Change in trade and other payables	281,864	(187,230)
Change in other liability	200,104	-
Change in provisions	(49,297)	(47,059)
Net cash used in operating activities	(746,661)	(449,212)

(b) Non-cash investing and financing activities

The Group entered into agreements to convert the $1 million loan facility from its lender Finecross Security Limited into a 49.5% interest in the Marketboomer business unit. The transactions were completed on 30 June 2014.

On 19 February 2014, the Company issued 225,000,000 fully paid ordinary shares in accordance with an adjustment clause contained in the subscription agreements entered into with sophisticated investors in relation to placements completed in March 2012. The Company also issued 780,000,000 fully paid ordinary shares and has agreed to issue 260,000,000 deferred consideration shares to the vendors of DMCR to acquire a 100% interest in DMCR. The deferred shares will be issued if DMCR achieves an audited profit before tax of $500,000 in any consecutive 12 month period in the 36 months following the acquisition of DMCR.

On 5 November 2013, the Company issued 187,500,000 fully paid ordinary shares upon conversion of notes in accordance with the terms of the secured redeemable convertible note facility deed.

Refer to Note 19 for further details of these transactions. These transactions are not reflected in the Statement of Cash Flows.

30. FINANCIAL INSTRUMENTS DISCLOSURE

Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated Carrying Amount 2014 $	2013 $
Cash and cash equivalents	220,343	559,179
Trade and other receivables - current	1,376,871	1,029,441
Trade and other receivables - non current	308	85,308
	1,579,522	1,673,928

30. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

The credit quality is assessed and monitored as follows:

	Equivalent S&P rating[1]		Internally rated[2]			
Credit quality of financial assets	**A+ and above $**	**BBB and below $**	**New customers $**	**Closely monitored customers $**	**No default customers $**	**Total $**
At 30 June 2014						
Cash and cash equivalents	220,343	-	-	-	-	220,343
Trade receivables - current	-	-	88,631	243,032	430,151	761,814
Other receivables and deposits - current	-	-	692,137	-	-	692,137
Other receivables - non-current	-	-	308	-	-	308
	220,343	-	781,076	243,032	430,151	1,674,602

	Equivalent S&P rating[1]		Internally rated[2]			
Credit quality of financial assets	**A+ and above $**	**BBB and below $**	**New customers $**	**Closely monitored customers $**	**No default customers $**	**Total $**
At 30 June 2013						
Cash and cash equivalents	559,179	-	-	-	-	559,179
Trade receivables - current	-	-	51,366	360,594	270,780	682,740
Other receivables and deposits - current	-	-	422,866	-	-	422,866
Other receivables - non-current	-	-	85,308	-	-	85,308
	559,179	-	559,540	360,594	270,780	1,750,093

1. The equivalent S&P rating of the financial assets represents that rating of the counterparty with whom the financial asset is held rather than the rating of the financial asset itself.
2. New customers are counterparties with whom the Group has traded for less than one year. No default customers are customers with whom the Group has traded for greater than one year and have no history of default, late payments, renegotiated terms or breach of their credit terms within the past two years. Closely monitored customers are customers with whom the Group has traded for greater than one year and do not qualify as no default customers.

Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $77,080 has been recognised by the Group in the current year (2013: $76,165). These amounts have been included in the corporate and administrative expenses item in the statement of profit or loss and other comprehensive income. No individual amount within the impairment allowance is material.

Movements in the provision for impairment loss were as follows:

	Consolidated Carrying Amount	
	2014 $	**2013 $**
At 1 July	76,165	87,987
Charge/(Write back) for the year	14,302	55,496
Amounts written off	(19,518)	(67,318)
Acquisition of DMCR	6,131	-
At 30 June	**77,080**	**76,165**

30. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Allowance for impairment loss (continued)

The ageing analysis of trade receivables at reporting date was:		
0-30 days	259,054	211,205
31-60 days	127,378	185,108
61-120 days	139,698	117,211
More than 121 days	235,684	169,216
	761,814	682,740

Receivables past due but not considered impaired are $298,302 (2013: $210,262). Payment terms on these amounts have not been renegotiated. However, each operating unit has been in direct contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Liquidity risk

The following are the contractual maturities of financial liabilities on an undiscounted basis, including estimated interest payments. Cash flows for liabilities without fixed amount or timing are based on conditions existing at year end.

	Carrying amount $	Contractual cash flows $	≤ 6 months $	6-12 months $	1-5 years $	> 5 years $	Total $
At 30 June 2014							
Trade creditors	575,197	(575,197)	(493,875)	(36,206)	(45,116)	-	(575,197)
Other Creditors and accruals	438,136	(438,136)	(438,136)	-	-	-	(438,136)
Unsecured loan – current	225,000	(225,000)	(225,000)	-	-	-	(225,000)
Secured loan – non-current	121,694	(121,694)	-	-	(121,694)	-	(121,694)
Redeemable convertible notes	175,000	(175,000)	(175,000)	-	-	-	(175,000)
	1,535,027	(1,535,027)	(1,332,011)	(36,206)	(166,810)	-	(1,535,027)
At 30 June 2013							
Trade creditors	151,167	(151,167)	(112,835)	-	(38,332)	-	(151,167)
Other Creditors and accruals	231,473	(231,473)	(231,473)	-	-	-	(231,473)
Unsecured bank loan-current	77,955	(77,955)	(38,365)	(39,590)	-	-	(77,955)
Unsecured bank loan –non-current	71,734	(71,734)	-	-	(71,734)	-	(71,734)
Unsecured loan – current	50,000	(50,000)	-	(50,000)	-	-	(50,000)
Unsecured loan – non-current	947,239	(947,239)	-	-	(947,239)	-	(947,239)
Redeemable convertible notes	451,810	(451,810)	-	(451,810)	-	-	(451,810)
	1,981,378	(1,981,378)	(382,673)	(541,400)	(1,057,305)	-	(1,981,378)

Foreign currency risk

Exposure to foreign currency risk

The Group had the following exposure to foreign currency risk at balance date that is not designated in cash flow hedges:

	Consolidated Carrying Amount 2014 $	2013 $
Financial assets		
Cash and cash equivalents	93,642	212,051
Trade and other receivables	494,696	482,627
	588,338	694,678
Financial liabilities		
Trade and other payables	248,645	131,773
Borrowings	-	149,689
	248,645	281,462
Net exposure	339,693	413,216

30. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

The Parent Entity carries intercompany loans with its subsidiaries (refer Note 24). The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	Parent Entity	
	2014	2013
	$	$
Non-Current		
Loans to subsidiaries	-	1,482,633
Allowance for impairment loss	-	(1,482,633)
	-	-

The loans are denominated in the functional currency of the subsidiaries (see Note 1 for information on functional currencies), and are translated at reporting date at the prevailing spot rates through the statement of profit or loss and other comprehensive income. To the extent appropriate, an allowance for impairment loss is recognised when there is objective evidence that a loan is impaired. The net carrying value (in AUD) of the loans in the financial statements of the Parent Entity (after impairment) at 30 June 2014 is Nil (2013: Nil).

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2014	2013	2014	2013
	$	$	$	$
GBP	0.5657	0.6549	0.5531	0.6072
USD	0.9187	1.0271	0.9420	0.9275
EUR	0.6775	0.7949	0.6906	0.7095
SGD	1.1574	1.2726	1.1763	1.1725
CNY	5.6382	6.4146	5.8466	5.6980
AED	3.3739	3.7719	3.4595	3.4060
THB	29.4534	31.2735	30.5600	28.9017

Sensitivity analysis

Based on the financial instruments held at 30 June, a 10% strengthening/weakening of the Australian Dollar against the British Pound, United States Dollar, Euro, Singapore Dollar, Chinese Yuan, United Arab Emirate Dirham and Thai Baht at 30 June would have reduced the profit for the year by $30,881 and increased the profit by $33,969 respectively (2013: reduced the profit for the year by $37,565 and increased the profit by $41,322 respectively), mainly as a result of foreign exchange losses/gains on translation of foreign currency denominated financial instruments.

The foreign exchange movement for the above sensitivity analysis was based on foreign exchange risk exposures existing at balance date.

Management assessed a 10% movement as being reasonably possible based on short term historical movements.

The Group's exposure to other foreign exchange movements is not material.

Interest rate risk

Profile

The Group had the following exposure to interest rate risk at reporting date:

	Consolidated Carrying Amount	
	2014	2013
	$	$
Fixed rate instruments		
Financial liabilities		
Unsecured bank loan	-	(149,689)
Redeemable convertible notes	(175,000)	(451,810)
	(175,000)	(601,499)
Variable rate instruments		
Financial assets		
Cash and cash equivalents	220,343	559,179
Net exposure	(45,343)	(42,320)

30. FINANCIAL INSTRUMENTS DISCLOSURE (continued)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The reasonable change has been calculated on the basis of historical changes in interest rates. This analysis assumes that all other variables remain constant.

	Profit or loss	
30 June 2014	**100 bp increase**	**100 bp decrease**
Variable rate instruments	2,203	(2,203)
30 June 2013		
Variable rate instruments	5,592	(5,592)

Fair value of financial instruments

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flows. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

All of the Group's assets and liabilities measured and recognised at fair value at 30 June 2014 and 30 June 2013 are classified as level 3.

31. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Qanda Technology Ltd, at 30 June 2014. The information presented has been prepared using accounting policies as disclosed in Note 1.

(a) Statement of financial position

	Parent Entity	
	2014	**2013**
	$	**$**
CURRENT ASSETS		
Cash and cash equivalents	15,282	278,265
Trade and other receivables	85	21,237
Total Current Assets	15,367	299,502
NON CURRENT ASSETS		
Other receivables	-	85,000
Investments in subsidiaries	3,414,020	1,428,120
Deferred tax assets	-	-
Total Non-Current Assets	3,414,020	1,513,120
TOTAL ASSETS	**3,429,387**	**1,812,622**
CURRENT LIABILITIES		
Trade and other payables	342,729	65,952
Borrowings	100,000	-
Redeemable convertible notes	175,000	451,810
Total Current Liabilities	617,729	517,762
TOTAL LIABILITIES	**617,729**	**517,762**
NET ASSETS	**2,811,658**	**1,294,860**
EQUITY		
Contributed equity	23,566,939	21,298,284
Unissued Share Capital & Reserves	614,982	86,000
Accumulated losses	(21,370,263)	(20,089,424)
TOTAL EQUITY	**2,811,658**	**1,294,860**

31. PARENT ENTITY INFORMATION (continued)

(b) Statement of profit or loss and other comprehensive income

	Parent Entity	
	2014	**2013**
	$	**$**
Net Profit/(loss) for the year	(716,639)	(481,963)
Profit of sale of discontinued operation	-	1,053,564
Impairment of investment	(564,200)	(3,044,944)
Total comprehensive loss for the year	**(1,280,839)**	**(2,473,343)**

(c) the Parent Entity incurred a loss of $1,280,839, down from a loss of $2,473,343 in the 2013 financial year. The impairment loss of $564,200 is down from an impairment loss of $1,562,311 in the investment in subsidiary companies and a provision for intercompany loans of $1,482,632 in 2013 financial year.

(d) Commitments and contingencies

The Parent Entity does not have any commitments at reporting date.

Remuneration commitments

Contingencies

The Parent Entity does not have any contingent liabilities at reporting date.

32. EVENTS SUBSEQUENT TO REPORTING DATE

Completion of Entitlement Issue

In July 2014, the Company completed the Entitlement Issue of shares and options raising $714,418, before costs.

In August 2014, the Company placed shortfall shares and options from the Entitlement Issue to raise $100,000, before costs. The funds raised from Entitlement Issue will be primarily used to underpin the development and marketing of the DMCR business as well as the ongoing research and development and technical costs associated with the Marketboomer business unit.

Appointment of Chief Executive Officer

Mr Chris Noone was engaged effective 7 August 2014 as Chief Executive Officer. A summary of his Executive Services Agreement with the Company is as follows:

Commencement: 7 August 2014

Term of agreement: To continue indefinitely until terminated in accordance with the Agreement.

Probationary period: Three months

Base salary: $200,000 per annum, plus statutory superannuation

Short term incentive: Up to $60,000 per annum

Long term incentive: Subject to approval by its shareholders and any other approvals that may be required, for the purposes 53 million options scheduled as follows:

(a) 26.5 million options with an exercise price of $0.002 each to acquire 26.5 million ordinary shares in the Company (A Options); the A Options will vest as follows:

- 8,833,334 will vest and be exercisable at any time during a period of three years from the date that is 12 months after the date of issue of the A Options; and
- 8,833,333 will vest and be exercisable at any time during a period of three years from the date that is 24 months after the date of issue of the A Options; and
- 8,833,333 will vest and be exercisable at any time during a period of three years from the date that is 36 months after the date of issue of the A Options.

32. EVENTS SUBSEQUENT TO REPORTING DATE (continued)

(b) 26.5 million options with an exercise price of $0.003 each to acquire 26.5 million ordinary shares in the Company (B Options); the B Options will vest as follows:

- 8,833,334 will vest and be exercisable at any time during a period of three years from the date that is 12 months after the date of issue of the B Options; and
- 8,833,333 will vest and be exercisable at any time during a period of three years from the date that is 24 months after the date of issue of the B Options; and
- 8,833,333 will vest and be exercisable at any time during a period of three years from the date that is 36 months after the date of issue of the B Options.

Termination: Three months by either party.

The Agreement otherwise contains provisions standard for an agreement of employment including in relation to annual, long service and personal leaves, confidentiality and other general provisions.

Issue of shares in lieu of cash payment

On 26 August 2014, the Company issued 17,875,000 fully paid ordinary shares in lieu of cash payment for services rendered by a consultant.

Agreement to acquire Caramavan business

On 4 September 2014 the Company entered a binding agreement to acquire a 100% interest in the business and assets of caramavan.com. The business assets including the brand, domain, software platform and source code and a number of databases and customer and subscriber relationships will be acquired for equity and options as follows:

i 50,000,000 fully paid ordinary shares in Company at a price of $0.002 per share. 25% of the shares will not be subject to any escrow, 25% of the shares are to be held in a voluntary escrow for a period of 6 months from the completion date and the remaining 50% for 12 months from the completion date; plus

ii 50,000,000 unlisted options over fully paid ordinary shares in the Company with an exercise price of $0.002 per share and an expiry date of 3 years from the completion date. These options are only able to be exercised once the Caramavan business under Company’s ownership has earned cumulative gross profit of $300,000; plus

iii 25,000,000 unlisted options over fully paid ordinary shares with an exercise price of $0.003 per share and an expiry date of 3 years from the completion date. These options are only able to be exercised once the Caramavan business under the Company’s ownership has earned cumulative profit before interest, tax, depreciation and amortisation of $100,000 in any rolling 6 month period from the completion date to the expiry date of the option.

Completion of the transaction is subject to conditions usual for a transaction of this nature and is expected to occur before the end of September.

Additional funding for Marketboomer Holdings Pty Ltd

Marketboomer Holdings Pty Ltd completed an initial round of additional funding of $250,000 to pursue its growth objectives. The Company retains its rights to contribute funding to Marketboomer and the Company board is actively considering this. Whilst the Company retains control of Marketboomer, the Board is currently focussing its efforts on the high growth potential of the Company’s collaborative consumption marketplaces. Following the raising by Marketboomer, the Company retains a controlling 43.3% ownership interest in Marketboomer.

Extension of Convertible Notes

Pursuant to a deed of amendment signed with the convertible note holder, the maturity date of the $100,000 Convertible Note Facility has been extended to the earlier of 16 January 2015 and 14 days from the receipt by the Company of the 2014 tax incentive rebate from the Australian Taxation Office. A deed of amendment has also been signed with the convertible note holder of the $75,000 Convertible Note Facility amending the maturity date to 12 December 2014.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Qanda Technology Ltd:

   (a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year then ended; and

      (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

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

Chris Noone

Chief Executive Officer/ Executive Director

Dated at Sydney, New South Wales this 29th day of September 2014.

INDEPENDENT AUDITOR'S REPORT

To the members of Qanda Technology Limited

Report on the Financial Report

We have audited the accompanying financial report of Qanda Technology Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, 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 for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Qanda Technology Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion above, we draw attention to Note 1 in the financial report, which indicates that the Group has incurred a net loss from continuing operations of $1,448,293 during the financial year (2013: $1,710,963) and has an excess of current liabilities over current assets of $676,234 as at 30 June 2014 (2013: $136,576). These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Qanda Technology Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
29 September 2014

Details of securities as at 24 September 2014:

Top holders

The 20 largest registered holders of each class of quoted security as at 24 September 2014 were:

Fully paid ordinary shares

	Name	No. of Shares	%
1.	Colada Investments Limited	300,000,000	11.17
2.	Future Capital Development Fund Pty Ltd	292,524,461	10.89
3.	Mr Simon Philip Wallace & Sievwrights Trustee Services No 4 Limited <Wallace Family A/C>	168,390,470	6.27
4.	Nobium Investments Limited	136,358,722	5.08
5.	Bellite Pty Ltd <Myer Family A/C>	121,446,793	4.52
6.	Mr Geoffrey Garrott & Mrs Margaret Garrott <The Opal A/C>	115,000,000	4.28
7.	Noble & Noble Pty Ltd <Noble & Noble Investment A/C>	107,387,396	4.00
8.	Kerkow Investments Limited	89,879,159	3.35
9.	Astromeseogios Overseas Ltd <The Tamburlaine A/C>	76,552,017	2.85
10.	Remello Investments Limited	68,210,514	2.54
11.	Mr Peter George Vickers <Kimbalan Super Fund A/C>	67,803,584	2.52
12.	Proto Investment Partners Pty Ltd	67,441,671	2.51
13.	Radiata Investments Pty Ltd <Rudie Sypkes Family A/C>	66,539,617	2.48
14.	Dominet Digital Corporation Pty Ltd <The Carosa Family A/C>	50,000,000	1.86
15.	Mr Matthew Cain	50,000,000	1.86
16.	Mr Kah Wui Lim	50,000,000	1.86
17.	Four Green Houses Pty Ltd	34,599,203	1.29
18.	South Banc Group Pty Ltd <David Hales Family A/C>	28,750,000	1.07
19.	18 Knot Ventures Pty Ltd <Green Arrows A/C>	25,000,000	0.93
20.	Lloyds & Casanove Investment Partners Limited	25,000,000	0.93
		1,940,883,607	72.26

Options exercisable at $0.002 on or before 30 April 2017

	Name	No. of Options	%
1.	DJ Carmichael Pty Ltd	72,500,000	7.66
2.	Dominet Digital Corporation Pty Ltd <The Carosa Family A/C>	65,000,000	6.87
3.	Mr Kah Wui Lim	60,000,000	6.34
4.	Mr Matthew Cain	50,000,000	5.29
5.	Del Paggio Nominees Pty Ltd <Del Paggio Super Fund A/C>	40,018,200	4.23
6.	Colada Investments Limited	30,000,000	3.17
7.	Future Capital Development Fund Pty Ltd	29,252,447	3.09
8.	South Banc Group Pty Ltd <David Hales Family A/C>	29,250,000	3.09
9.	Garrido Investments Pty Ltd	27,783,890	2.94
10.	18 Knot Ventures Pty Ltd <Green Arrow A/C>	25,000,000	2.64
11.	Scintilla Strategic Investments Limited	23,750,000	2.51
12.	Mrs Judith Suzanne Piggin & Mr Damien Jaye Piggin & Mr Glenn Adam Piggin <Piggin Family S/F A/C>	23,750,000	2.51
13.	Orca Capital GMBH	22,600,121	2.39
14.	Mr Lawrence Angelo Buono & Mrs Valerie Jean Buono <Zoloto Super Fund A/C>	20,000,000	2.11
15.	Jacobs Corporation Pty Ltd <Jacobs Investments Group A/C>	20,000,000	2.11
16.	Doric Wealth Pty Ltd <Pivot Trading A/C>	17,500,000	1.85
17.	Mr Simon Philip Wallace & Sievwrights Trustee Services No 4 Limited <Wallace Family A/C>	16,839,047	1.78
18.	Nobium Investments Limited	13,635,873	1.44
19.	Mr Alfonso Di Lanzo	12,500,000	1.32
20.	Bellite Pty Ltd <Myer Family A/C>	12,144,680	1.28
		611,524,258	64.62

Distribution schedule

A distribution schedule of each class of equity security as at 24 September 2014:

Fully paid ordinary shares

Range	Holders	Units	%
1 - 1,000	40	29,734	0.00
1,001 - 5,000	103	333,922	0.01
5,001 - 10,000	79	672,538	0.03
10,001 - 100,000	273	10,306,177	0.38
100,001 - Over	391	2,675,341,480	99.58
Total	886	2,686,683,851	100.00

Options exercisable at $0.002 on or before 30 April 2017

Range	Holders	Units	%
1 - 1,000	221	103,924	0.01
1,001 - 5,000	215	574,275	0.06
5,001 - 10,000	58	451,742	0.05
10,001 - 100,000	116	4,148,334	0.44
100,001 - Over	149	940,591,017	99.44
Total	759	945,869,292	100.00

Unlisted convertible notes

The following unlisted convertible notes are presently on issue:

Class	Expiry Date	Exercise Price	No. of Options	No. of Holders	Distribution 10,000-100,000	>100,000
Unlisted convertible notes	12 December 2014	$0.004	18,750,000	1	-	1
Unlisted convertible notes	16 January 2015	$0.004	25,000,000	1	-	1

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares
Future Capital Development Fund Pty Ltd	292,524,461
Mr Simon Philip Wallace & Sievwrights Trustee Services No 4 Limited <Wallace Family A/C>	168,390,470

Voluntary escrow

Fully paid ordinary shares

Number of Shares	Escrow Period
780,000,000	Restricted securities until 19 February 2015

Approved issue of securities

The issue of deferred consideration of 260,000,000 fully paid ordinary shares (**Deferred Consideration Shares**) was approved by shareholders on 10 January 2014 for the purpose of Item 7 of section 611 of the Corporations Act. The issue of Deferred Consideration Shares has not yet been completed.

The issue of Deferred Consideration Shares is subject to Drive My Car Rentals Pty Ltd achieving an audited annual net profit before tax of at least $500,000 in any consecutive 12 month period in the 36 months following settlement of the acquisition which occurred on 19 February 2014.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 250,000 as at 24 September 2014):

Holders	Units
543	19,942,544

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.