MOTOPIA LIMITED
AND ITS
CONTROLLED ENTITIES
ABN: 67 009 084 143

ANNUAL FINANCIAL REPORT

YEAR ENDED 30 JUNE 2016

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CORPORATE DIRECTORY

DIRECTORS
Mr Marcus L'Estrange (Chairman, Non-Executive Director)

Mr Adrian Floate (Non-Executive Director)

Mr Shaun Melville (Non-Executive Director)

Mr Stephen Dale (Non-Executive Director)

COMPANY SECRETARY
Mr Justyn Stedwell

REGISTERED OFFICE
Suite 3,
35 Toorak Road
South Yarra, VIC 3141

OPERATIONAL OFFICE
Level 10,
446 Collins Street
Melbourne, VIC 3000

AUDITORS
BDO East Coast Partnership
Level 14
140 William Street
Melbourne, Victoria 3000

SOLICITORS
Pointon Partners
Level 14
565 Bourke Street
Melbourne, VIC 3000

BANKERS
Westpac Banking Corporation
360 Collins Street, Melbourne VIC 3000

STOCK EXCHANGE LISTING
The Company is listed on the Australian Securities Exchange.
Home Exchange – Melbourne, Australia

Code:
ASX:MOT

COMPANY WEBSITE
www.motopia.com

SHARE REGISTRY
Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067
Telephone: 1300 364 826 (within Australia)
+61 3 9415 4610 (outside Australia)
www.computershare.com.au

REVIEW OF OPERATIONS

Motopia and its subsidiaries recorded a loss of $1,773,798 for the financial year ended 30 June 2016 (2015: $744,568) with an operating cash outflow of $869,489 (2015: $590,167).

Motopia has, over the past months, commenced a transition to become a leading Cloud Services Migration business with an exciting future ahead. The Company is confident that the pathway the company has chosen in its corporate evolution is one that will bring reward to current and future shareholders.

Cloud Hosting and Migration

Cloud hosted technology and development has advanced rapidly over the past few years and the migration of data, applications and other business elements from an organization's onsite computers to the cloud, is now a well-accepted and desired process for all enterprises, large and small. Cloud hosting of legacy data is now the norm for technology businesses and allows for more effective and efficient service application and ensures a flexible and cheap system for managing a broad range of applications and data.

With tens of millions of Microsoft Access databases still in use, Motopia's conversion solution away from MS Access is in high demand. Motopia's solutions can be accessed as either a service or product offering.

Company Aim and Vision

Motopia today has a clear vision: ***"To be Australia's best Cloud Migration Service Provider by offering customers a clear path to simply and effectively connect to cloud software applications. The company vision is to establish diversified revenue streams from the execution of conversion services, consulting to clients and reselling value adding applications that enhance our customer's use of the cloud."***

There are 5 main participants influencing the push to the cloud:

PaaS Vendors	Microsoft Azure (who are focused on transforming the client server seat licensing world to hosted subscription models).
Telco	Telstra (who are focused on transforming from voice telecommunication dependent revenue to a more data related business model).
System Integrators	System integrators are increasingly becoming facilitators of migration and partnering across the PaaS, Telco and Vendor horizontals.
Accountants	Accountants are becoming quasi-IT professionals as they strive to stay at the forefront in an increasingly self-service technology world.
Vendors	Vendors need to win customers quickly and painlessly for the subscription and freemium models to hit revenue targets in the absence of capital based seat and maintenance licensing models.

Through the products that Motopia now offers to this market, the Company can provide a range of solutions to cover most Cloud Migration aspects and ongoing assistance that such clients require. Key to Motopia's revenue model is ongoing subscription fees for hosting, maintaining and enhancing the Cloud system. Motopia will offer customers a model to modernise, migrate to the cloud and extend their utilisation of software in a cost effective way.

Current Motopia Assets

Motopia's portfolio of assets currently is a suite of complimentary packages for which there is an existing pipeline of clients:

2SQL	A program that automates the conversion of MS Access Databases to SQL Server.
MU2	A conversion product that automates the conversion of MS Access software to Web (HTML5) software using MS SQL or SQLAzure for the database and SOA platform.
Parsing Engine	This is the foundation technology of both the MU2 and 2SQL Products. The Parsing Engine has been developed over the last 12 months under Motopia Ltd management. In 2016/2017 Motopia intends to further develop the parser engine to create solutions for various MS Access to COTS (Commercial Off The Shelf) software offerings.
Ispirer Licence	A program that enables customers to migrate from legacy database applications some of which include Oracle, DB2, FoxPro and Progress to SQL Server.
CU2Online	An online platform to process conversion clients globally. It currently enables 2SQL conversions and HTML5 conversions.

Motopia has already developed a significant pipeline of clients waiting to use the MU2 HTML product once it is officially launched. This pipeline of clients include Government Departments and other large corporations who are interested in utilising MU2 as a solution for their legacy modernisation initiatives.

Appointment of Managing Director

Motopia will soon look to appoint a Managing Director to enable the Company's transition and to drive the growth and market strategy. The company is in advanced discussions with a suitable candidate and will provide an update to the *market once negotiations are complete.*

Coming Milestones

There are a number of near term milestones that the Company is working toward:

- Building on and executing a pipeline of work for MS Access to Web.
- Building on and executing a pipeline of work for MS Access to COTS.
- Achieve Microsoft competencies necessary for Gold Partner Status in Modernisation, e-Commerce and Customer Web Development.
- Continue to build Channel Distribution partners.
- Continue appointing key technical and sales staff.
- Further acquisitions of IT services and products that align with our company vision.
- Company name change.

Launch of Cloud Migration Conversion Solution MU2

Motopia has launched and commenced sales of the Cloud Migration conversion solution MU2, with beta testing now completed and early revenue commenced via partnership with Cirralto. During the beta testing phase for the automated software conversion tool the Company worked closely with several key clients and potential channel partners to assess their particular modernisation requirements and adapt the software solution offering accordingly. MU2 conversion solution enables data migrations from many international systems.

There has been a lot of work in the background over the last year with product development and growing the IT Team. While Motopia has what it believes to be quality viable assets in place, given the scale of the 'Global Conversion-to-Cloud' market, and where it wants to position itself in it, the Company has not wanted to push any one service too hard until the appropriate IT sales and services team are in place.

With a new and experienced team of IT personnel in place and being built upon, to be led by an experienced Executive, who all share the same vision for the company, Motopia will emerge from this transition period to establish itself as a new and promising IT industry leader, well positioned to take advantage of current technological business revolution.

Motopia is also in preliminary negotiations for the acquisition of further services and products that align with the Company's vision *"To be Australia's best Cloud Migration Service Provider".* Motopia has recently engaged the services of NWR Communications to assist in promoting the Company and its development into a fully functional IT services company to a wider IT investment community.

With the foundations of the fully functional Cloud Migration Services business now in place, Motopia is excited with the immediate future that is afforded to the Company and its shareholders. The Company looks forward to sharing the coming growth as it achieves the numerous and exciting milestones ahead.

M. L'Estrange

Marcus L'Estrange

Chairman

30 September 2016

DIRECTORS'REPORT

The Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2016.

Directors

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

Mr Stephen Dale
(Non-Executive Director)

Stephen Dale has business experience in telecommunications, logistics, retail furniture and saddlery ventures. Since 2003 he has been a Board member of Saddleworld Australia franchised retail group, having served as chairman and currently the deputy chairman. He has also served as a Board member of Assumption College Kilmore for 14 years. In addition, his current activities also include providing support services to the retail sector and development of a beef cattle breeding stud. He has had no other directorships of listed corporations in the last three years.

Mr Marcus L'Estrange
(Chairman & Non-Executive Director)

Marcus L'Estrange is an engineer with extensive experience in the IT industry as well as the mining industry, the oil and gas industry, and the environmental industry. He has been involved with the start-up of several successful companies within these sectors. He has a diverse range of skills as an engineer as well as in sales, marketing and business development.

Previously, Marcus helped to start up the oil and gas software company, Engenius Software. In the position of Engineering Sales Manager, over a period of 4 years he succeeded in selling their exploration software globally to the major western oil & gas companies and the majority of offshore exploration companies, helping to grow the business on an international scale and he resided in the USA and Europe during this period. In a previous role as a Quality Assurance Engineer contracted to BHPB Petroleum, Marcus developed and implemented their Quality Assurance Purchase Order Databases for management of purchase orders relating to BHPB Petroleum offshore facilities. These databases were developed using MS Access.

Marcus is a co-founder of Raptor Global Corporation Ltd. He is also a Director of Drilling Resource Partners Pty Ltd and a Non-Executive Director of River Rock Energy Ltd.

He has had no other directorships of listed corporations in the last three years.

Mr Adrian Floate
(Non-Executive Director)

Adrian Floate is an IT innovator who has been building software for 20 years. He has founded, built, and sold several technologies businesses and worked in Asia, Australia, the UK and US. Adrian has both private and public company experience at an executive level. He is a business strategist that looks to overcome complex problems with software automation solutions. Adrian has worked in supply chain management systems since 1997 and has experience in manufacturing, wholesale distribution, retail and eCommerce.

Adrian's career includes designing and developing Bunning's BITS system EDI over IP network, the development and commercialisation of Australia's first SET payments gateway, the development and commercialisation of a Windows Mobile based email platform that pre-dated the Blackberry equivalent technology, designed the CAPlink EDI network for the automotive industry in conjunction with the Capricorn Society, co-founding the CLANG online car service portal and in more recent times leading the Appstablishment software team to create award mobile App's for business collaboration. He is the founder and Director of Cirralto who have been instrumental in providing the online portal to utilise Motopia's conversion software to provide a global online service.

He has had no other directorships of listed corporations in the last three years.

Mr Shaun Melville
(Non-Executive Director)

Shaun Melville is a successful entrepreneur with significant experience at an executive level. He has worked as an IT consultant for Experis who are part of a group with over 3,900 offices globally. Shaun was in charge of developing key relationships with Tier 1 and Tier 2 IT consultancies, vendors, and end users. Shaun has also worked as an IT Consultant/Head Hunter in London where he was the subject matter expert on LinkedIn. He was one of the first users of LinkedIn in Australia, and over 10 years he has developed a robust network of IT specialists numbering in the millions.

Directors' Report (cont….)

He is currently an Executive Director of Raptor Global Corporation Ltd, Non-Executive Director of Juggernaut IP, and Non-Executive Director of Golden Eagle Mining Ltd.

He has had no other directorships of listed corporations in the last three years.

Company Secretary
Mr Justyn Stedwell

Mr Stedwell has completed a Bachelor of Business & Commerce (Management & Economics) at Monash University, a Graduate Diploma of Accounting at Deakin University, a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia and a Graduate Certificate of Applied Finance with Kaplan Professional.

Justyn has over eight years' experience acting as a Company Secretary of ASX listed companies in a wide range of industries. He is currently also Company Secretary of ASX listed companies Axxis Technology Group Limited (ASX:AYG), Rhinomed Limited (ASX:RNO) Imugene Limited (ASX:IMU), Australian Natural Proteins Limited (ASX:AYB) and Rectifier Technologies Limited (ASX:RFT) He was previously the Company Secretary of Kazakhstan Potash Corporation (ASX:KPC).

Directors' Interest

The relevant interest of each current director in the shares and options issued by the companies within the consolidated entity and other related body corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

2016 **Ordinary shares**	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
Directors:					
Mr Stephen Dale	150,000,000	-	-		150,000,000
Mr Marcus L'Estrange	397,322,011	-	100,120,297	-	497,442,308
Mr Adrian Floate	-	-	-	-	-
Mr Shaun Melville	397,322,011	-	100,120,297	-	497,442,308
Key Management Personnel:					
Mr Justyn Stedwell	-	-	-	-	-

2015 **Ordinary shares**	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
Directors:					
Mr Stephen Dale	250,000,000	-	-	(100,000,000)	150,000,000
Mr Gernot Abl (resigned 23/6/15)	17,050,000	-	-	-	17,050,000
Mr Lindsay Brown (resigned 15/8/14)	23,450,000	-	-	-	23,450,000
Mr Robert Parton (resigned 15/6/15)	15,000,000	-	-	(10,000,000)	5,000,000
Mr Marcus L'Estrange (appointed 12/11/14)	-	-	397,322,011	-	397,322,011
Mr Adrian Floate (appointed 16/6/15)	-	-	-	-	-
Mr Shaun Melville (appointed 29/6/15)	-	-	397,322,011	-	397,322,011
Key Management Personnel:					
Mr Justyn Stedwell	-	-	-	-	-

Dividends

The Company did not pay any dividends during the financial year (2015: nil) . The Directors do not recommend the payment of a dividend in respect of the 2016 financial year.

Directors' Report (cont….)

Principal Activities

The economic entity's principal activities in the course of the financial year were the investments made into a number of start-up opportunities within the data migration and mobile applications sectors.

Review of Operations

The consolidated net loss for the year after income tax attributable to members of the parent entity amounted to $1,773,798 (2015 loss: $744,568) which includes a total impairment expenses of $626,892 (2015: $111,111) for impairment of intangible assets, investment, and loan receivables (see note 5b). The Review of Operations is set out on page 2.

Matters subsequent to the end of the financial year

No significant events have occurred since the end of the reporting period.

Likely developments and expected results of operations

The likely developments in the economic entity's operations, to the extent that such matters can be commented upon, are covered in Review of Operations.

Environmental regulation

The group is currently not subject to any significant environmental regulation.

Significant changes in the state of affairs

The company continues to raise capital for future investment opportunities. Refer review of operations for further details.

Share Options

Unissued Shares

At the date of this report there were no unissued ordinary shares of the Company under option.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company held an insurance policy to indemnify Directors and Officers against certain liabilities incurred as a Director or Officer, including costs and expenses associated in successfully defending legal proceedings. The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the Directors or Officers of the Company or any related body corporate against any liability incurred as such a Director or Officer. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of premium.

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred as auditor.

Meetings of Directors

The following table sets out the number of Directors' Meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by each Director (while they were a Director or Committee Member).

During the financial year, 12 Board meetings were held. During the year there were no committees of the board.

	Board Meetings	
Directors:	Number Eligible to Attend	Number Attended
Mr Stephen Dale	12	12
Mr Marcus L'Estrange	12	12
Mr Adrian Floate	12	11
Mr Shaun Melville	12	11

Auditor

In accordance with the provisions of the *Corporations Act 2001*, the Company's auditors, BDO East Coast Partnership, continue in office.

Directors' Report (cont….)

Non-audit Services

The auditors did not perform any other services during the financial year ended 30 June 2016.

The following fees were paid / payable to the external auditors.

Audit Services	**2016**	**2015**
	$	**$**
Audit and review of financial statements	51,025	45,660

Auditor's Independence Declaration

The Auditor's Independence Declaration for the year ended 30 June 2016 has been received and can be found on page 11.

Remuneration Report (audited)

The directors are pleased to present the 2016 remuneration report which sets out remuneration information for Motopia Limited's non-executive directors, executive directors and other key management personnel.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including all directors.

The report contains the following sections:

(a) Directors and key management personnel disclosed in this report

(b) Use of remuneration consultants

(c) Non-Executive and Executive remuneration policy and framework

(d) Relationship between remuneration and Motopia Limited's performance

(e) Voting and comments made at the company's 2015 Annual General Meeting

(f) Details of remuneration

(g) Service agreements

(a) Directors and key management personnel disclosed in this report

Non-Executive Directors (see pages 4-5)	
Mr Marcus L'Estrange	Chairman Non-Executive Director
Mr Stephen Dale	Non-Executive Director
Mr Adrian Floate	Non-Executive Director
Mr Shaun Melville	Non-Executive Director
Other key Management Personnel	
Mr Justyn Stedwell	Company Secretary

(b) Use of remuneration consultants

Motopia Limited did not use a remuneration consultant during the current financial year.

(c) Non-Executive and Executive remuneration policy and framework

In determining non-executive and executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent
- aligned to the company's strategic and business objectives and the creation of shareholder value transparent, and
- acceptable to shareholders.

Directors' Report (cont….)

The executive remuneration framework has two components:

- Primary benefits – salary/fees and bonuses
- Post-employment benefits including superannuation.

Equity including share options was granted as performance bonuses or in lieu of services.

Other benefits include additional consulting fees.

Remuneration Policy

The remuneration of all Executives and Non-executive Directors, Officers and Employees of the Company is determined by the Board.

The Company is committed to remunerating Senior Executives and Executive Directors in a manner that is market-competitive and consistent with best practice including the interests of shareholders. Where possible/relevant remuneration packages are based on fixed and variable components determined by the Executives' position, experience and performance and may be satisfied via cash or equity.

Non-executive Directors are remunerated out of the maximum aggregated amount approved by shareholders and at a level that is consistent with industry standards. Non-executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable, other than statutory superannuation, if applicable.

(d) Relationship between remuneration and Motopia Limited's performance

Remuneration Policy versus Company Financial Performance

The Company's Remuneration Policy is not directly based on performance, rather on industry practice.

The Company's primary objective was developing cloud service migration applications.

Performance-based Remuneration

The purpose of a performance-based bonus is to reward individual and team based on performance in line with Company objectives. Consequently, performance-based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured by Key Performance Indicators (KPIs).

The Company uses a number of KPIs to determine achievement, depending on the role of the Executive being assessed.

These include:

- successful contract negotiations
- successful revenue generation
- achievement of project milestones within budget and on time

In the current period no performance based remuneration was awarded by the Company.

Company Performance	2016 $	2015 $	2014 $	2013 $	2012 $
Revenue	6,000	40,000	-	20,769	-
Net loss before tax	(1,773,798)	(744,568)	(1,671,354)	(706,907)	(2,199,472)
Net loss after tax	(1,773,798)	(744,568)	(1,671,354)	(706,907)	(2,199,472)
Key Management remuneration	162,000	154,703	173,367	286,516	553,444

Share Performance	2016 C	2015 C	2014 C	2013 C	2012 C
Share price at the start of year	0.01	0.01	0.01	0.01	0.05
Share price at the end of year	0.01	0.01	0.01	0.01	0.01
Dividend	-	-	-	-	-
Basic earnings per share	(0.03)	(0.02)	(0.01)	(0.12)	(0.3)
Diluted earnings per share	(0.03)	(0.02)	(0.01)	(0.12)	(0.3)

Directors' Report (cont….)

(e) Voting and comments made at the Company's 2015 Annual General Meeting

The remuneration report for the 2015 financial year received positive shareholders' support at the 2015 AGM with a vote of more than 75% in favour.

The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(f) Details of remuneration

The following tables show details of the remuneration received by the directors and the key management personnel of the group for the current financial year. All remuneration amounts are fixed and are not listed to performance.

Compensation of Key Management Personnel – 2016

	Short-term benefits		Post-employment benefits	Share-based payments	
	Salary or Base Fees	Other fees	Superannuation Contributions	Equity-settled	Total
	$	$	$	$	$
Directors					
Mr Stephen Dale	30,000	-	-	-	30,000
Mr Marcus L'Estrange	36,000	-	-	-	36,000
Mr Adrian Floate	30,000	-	-	-	30,000
Mr Shaun Melville	30,000	-	-	-	30,000
Executives					
Mr Justyn Stedwell	36,000	-	-	-	36,000
	162,000	**-**	**-**	**-**	**162,000**

The following tables show details of the remuneration received by the directors and the key management personnel of the group for the prior financial year.

Compensation of Key Management Personnel – 2015

	Short-term benefits		Post-employment benefits	Share-based payments	
	Salary or Base Fees	Other fees	Superannuation Contributions	Equity-settled	Total
	$	$	$	$	$
Directors					
Mr Stephen Dale	33,500	-	-	-	33,500
Mr Gernot Abl (resign 23/6/15)	29,417	-	-	-	29,417
Mr Lindsay Brown (resign 15/8/14)	3,550	-	-	-	3,550
Mr Robert Parton (resign 15/6/15)	28,750	-	-	-	28,750
Mr Marcus L'Estrange (appoint 12/11/14)	22,236	-	-	-	22,236
Mr Adrian Floate (appoint 16/6/15)	1,250	-	-	-	1,250
Mr Shaun Melville (appoint 29/6/15)	-	-	-	-	-
Executives					
Mr Justyn Stedwell	36,000	-	-		36,000
	154,703	**-**	**-**	**-**	**154,703**

Options Granted as part of Remuneration

There were no options granted to directors in the 2016 or 2015 financial year.

Directors' Report (cont....)

(g) Service agreements

The following directors and Senior Executives were under contract at 30 June 2016:

	Title	Agreement Commenced	Details	Duration	Notice Required
Directors					
Mr Stephen Dale	Non-Executive Director	8 April 2014	Director's fee of $2,500 per month	No Fixed Term	No Notice Period
Mr Marcus L'Estrange	Non-Executive Director, Chairman	12 November 2014, 10 February 2015	Director's fee of $3,000 per month	No Fixed Term	No Notice Period
Mr Adrian Floate	Non-Executive Director	16 June 2015	Director's fee of $2,500 per month	No Fixed Term	No Notice Period
Mr Shaun Melville	Non-Executive Director	29 June 2015	Director's fee of $2,500 per month	No Fixed Term	No Notice Period
Executives					
Mr Justyn Stedwell	Company Secretary	30 October 2009	Secretary fee of $3,000 per month	No Fixed Term	3 months

End of Remuneration Report (Audited)

Signed in accordance with the resolution of the Board of Directors.

M. L'Estrange

Marcus L'Estrange

Chairman

30 September 2016

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY SIMON SCALZO TO THE DIRECTORS OF MOTOPIA LIMITED

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

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

This declaration is in respect of Motopia Limited and the entities it controlled during the period.

Simon Scalzo
Partner

BDO East Coast Partnership

Melbourne, 30 September 2016

CORPORATE GOVERNANCE

Introduction

Motopia Limited ("Motopia" or the "Company") is an Australian Securities Exchange (ASX) listed entity.

The Company aims to maximise returns to its investors by capital appreciation and when profitable, via a declaration of dividends to each shareholder in proportion to their interest in the Company.

The Board of Directors is responsible for establishing the corporate governance framework of the Company and establishing appropriate Corporate Governance policies and procedures having regard to the ASX Corporate Governance Council (CGC) published guidelines as set out in its "Corporate Governance Principles and Recommendations" (Revised Principles, 3nd Edition). The Board of Directors continues to review the framework and practices to ensure they meet the interests of shareholders.

This Corporate Governance Statement is structured with reference to the CGC's published guidelines containing 8 key principles. The charters and policies described in this Corporate Governance Statement represent a concise version of those charters and policies that have been, or will be adopted by the Board of Directors in line with the CGC's recommendations.

The Board of Directors has adopted the best practice recommendations as outlined by the CGC to the extent that is deemed appropriate considering the current size and operations of Motopia. Therefore, where the Board considers that the cost of implementing a recommendation outweighs any potential benefits, those recommendations have not been adopted.

The Company's Corporate Governance charters and policies can be found on the Company's website, www.motopia.com

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ROLE OF THE BOARD AND MANAGEMENT

The Board of Directors of Motopia, together with management, is collectively experienced in the management of listed companies.

The Board is responsible for providing strategic guidance and for contributing to the development of the corporate strategy and performance objectives, including the implementation of a business strategy, the annual budget and financial plan, monitoring the Company's financial performance and ensuring that appropriate management is in place to achieve these objectives. The Board monitors risk, compliance and financial reporting. The Board is responsible for approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures of assets. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board may delegate to its sub-committees, an officer of a group company, or any other person in authority to perform any of its functions and exercise any of its powers, in the ordinary course of business. This includes the day to day administration of its assets, including ensuring that assets are adequately insured where necessary; that detailed market investigations and effective due diligence is carried out on proposed investments, acquisitions or joint ventures; that capital required to develop the Company's intellectual property, proposed investments or acquisitions as well as general working capital requirements is adequate; and that there is effective risk management, financial management and compliance management of the Company's assets.

BOARD APPOINTMENTS

The Company undertakes reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing.

COMPANY SECRETARY

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board on governance matters, monitoring that Board policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

DIVERSITY

At this stage, the Board does not consider it relevant to establish a diversity policy as the Company has no employees, but instead has administrative and technical services provided to it by consultants.

The Company does not have a diversity policy and therefore has not set any measurable objectives for achieving gender diversity. There are no employees in the organisation and there are no women in senior management positions. There are currently no women on the Board of Directors.

BOARD AND KMP PERFORMANCE

The Board considers the ongoing development and improvement of its own performance, the performance of individual directors and Board Committees as critical to effective governance.

The Board has adopted a self-evaluation process to measure its own performance. The performance of the Board and individual directors is reviewed at least every three years by the Board as a whole. This process includes a review in relation to the composition and skills mix of the Directors of the Company.

Performance reviews involve analysis based on key performance indicators. The criteria for evaluating performance, is aligned with the financial and non-financial objectives of the Company. The Board will consider the outcome of each review and develop a series of actions to guide and monitor improvement. The Board intends to conduct a Board review in the 2017 financial year.

When applicable, the Board assesses the performance of KMP against qualitative and quantitative key performance indicators relevant to each KMP. The Board currently utilises the services of the consultants to manage the Company's operational activities and the performance of Company consultants was reviewed during the financial year.

INDEPENDENT ADVICE

Directors collectively or individually have the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. All advice obtained is made available to the Full Board.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

STRUCTURE AND COMPOSITION OF THE BOARD

The skills, length of service, experience and expertise relevant to each position held by each director in office at the date of the annual report and throughout the 2016 financial year is included in the Directors' Report.

The Board assesses whether a director is independent in accordance with the CGC's independence guidelines. The Board does not consist of a majority of independent directors with one of four current directors being independent. Stephan Dale is currently the only independent director on the Board. Due to the size of the Company, its financial resources and the nature of its operations, the Board does not consider it appropriate to have a majority of independent directors or an independent Chairman at this time. As the Company grows, the Board intends to increase the ratio of independent directors on the Board.

NOMINATION OF DIRECTORS

The Board is responsible for the nomination and selection of directors. A separate Nomination Committee has not been formed. The Board considers that at this stage in the Company's development, no benefits or efficiencies are to be gained by delegating this function to a separate committee.

Directors are appointed based on the specific skills required to effectively govern the company. The Board periodically assesses the competencies and experience of each Board member and the experiences and skills required at Board level to meet its operational objectives. The Board has not developed a formal Board skill matrix. The Board is satisfied with the skills and experience of each director and the current Board, the Board will consider developing a formal Board skills matrix during the 2017 financial year.

INDUCTION OF DIRECTORS AND PROFESSIONAL DEVELOPMENT

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBILY

CODE OF CONDUCT

The Board of Motopia is committed to its Code of Conduct.

The Code of Conduct aims to promote ethical and responsible decision making. The Code of Conduct requires all employees to exhibit honesty, loyalty, integrity, professionalism and trust in their dealings, both internally and externally. Motopia aims for good corporate governance and in summary, requires employees/directors to:

- avoid situations which may give rise to a conflict of interest;
- avoid situations where they may profit from their position with the Company and gain any benefit which competes with Motopia's business;

- comply with all laws and regulations and Company policies and procedures;
- not undertake activities inconsistent with their employment with Motopia;
- properly use Motopia's assets for legitimate business purposes; and
- maintain privacy and confidentiality in both Motopia's business and the information of all its stakeholders.

CONFLICTS OF INTEREST

The Board of Motopia is committed to good corporate governance and aims for continuous improvement in these practices. Motopia embraces high ethical standards and requires its employees to demonstrate both personal and corporate responsibility. Directors, officers and employees are required to safeguard the integrity of the Company and to act in the best interests of its stakeholders, generally shareholders.

There must be no conflict, or perception of a conflict, between the interests of any Motopia Director, officer or employee and the responsibility of that person to the Company and to the stakeholders. All Motopia Directors, officers and employees may never improperly use their position for personal or private gain for themselves, a family member, or any other person ("associates").

As a general rule, a conflict of interest, or the perception of a conflict, may arise if their duties involve any actual or potential business with a person, entity or organisation in which they, or their associates, have a substantial personal or financial interest. Accordingly, the following rules apply:

- Without prior Board approval, Directors, officers and employees may not act on behalf of Motopia in connection with any business or potential business involving any person, entity or organisation in which they or their associates have direct or indirect managerial influence (such as serving as an Executive Officer, Director, general partner or similar position or holding a substantial ownership or beneficial interest); and
- Where a potential conflict exists, this should be disclosed to the Chairman prior to any dealings taking place.

SHARE TRADING POLICY

The Company has a share trading policy that regulates the dealings by Directors, Officers and Consultants, in shares, options and other securities issued by the Company. The policy has been formulated to ensure that Directors, Officers, Employees and Consultants who work on a regular basis for the Company are aware of the legal restrictions on trading in Company securities while in possession of unpublished price-sensitive information.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

AUDIT COMMITTEE

The Board has assumed the responsibilities normally delegated to the Audit and Risk Committee as set out in the Company's Audit and Risk Committee Charter. Due to the size of the Company, the Board does not believe it is necessary to establish a separate Audit and Risk Committee structure.

In fulfilling the responsibilities of the Audit and Risks Committee, the Board:

- Meets with the external auditors at least twice a year and reviews any significant disagreements between the auditors and management irrespective of whether they have been resolved;
- Review of the audit plan with the external auditors and evaluates the effectiveness of the external audit; and
- Fulfills all obligations of the Audit and Risk Committee as set out in the Company's Audit and Risk Committee Charter.

CHAIRMAN & COMPANY SECRETARY DECLARATIONS

The Chairman (the Company does not have a CEO) and Company Secretary (the Company does not have a CFO) have provided the Board with a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

EXTERNAL AUDITOR

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the audit partner responsible for the audit not perform in that role for more than five years.

PRINCIPLE 5: MAKING TIMELY AND BALANCED DISCLOSURE

Motopia's Continuous Disclosure Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by Motopia. The Company is committed to complying with the continuous disclosure obligations contained in the listing rules of the Australian Securities Exchange (ASX) and under the *Corporations Act*, and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about Motopia's securities.

The ASX defines continuous disclosure in its Listing Rules as "the timely advising of information to keep the market informed of events and developments as they occur". The Listing Rules and the *Corporations Act* require that a listed entity disclose to the market matters which a reasonable person would expect to have a material effect on the price or value of the entity's securities. A reasonable person is taken to expect information to have a material effect on the price or value of securities if it would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

The Board controls all of Motopia's communications with assistance from the Company Secretary in carrying out this responsibility. The Board as a whole are the only persons authorised to approve the release of material information to the market. The Company Secretary is responsible for administering this policy and is responsible for dealing with the ASX in relation to all listing rule issues.

The procedures which have been developed to comply with these rules include immediate reporting of any matter which could potentially have a material effect, via established reporting lines to the Chairman and/or the Company Secretary.

Disclosure of such price-sensitive information to the ASX must not be delayed and is disclosed, in the first instance, to the ASX. Material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the Board for approval prior to any release.

TRADING POLICY

Motopia's Share Trading Policy ensures that unpublished price sensitive information about the Company is not used in an unlawful manner. The main provisions of this policy are governed by:

- the specific requirements of the *Corporations Act*;
- a prohibition of short term trading in Motopia shares;
- when Directors and employees may trade in Motopia shares; and
- prior notification by Directors, officers and employees of their intention to deal in Motopia shares.

A summary of the Policy is as follows:

In accordance with the insider trading provisions of the *Corporations Act*, all of the Company's directors, officers and employees are prohibited from trading in the Company's shares while in possession of Inside Information concerning the Company.

Directors, officers and employees should never communicate any inside Information to any other person, including family members and associates.

"Inside Information" means information that is not disclosed or generally available and, if it were disclosed or generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's shares.

In addition directors, officers and employees are prohibited from trading in the Company's shares during:

- each period of 45 days immediately prior to the intended date upon which the Company releases its annual financial statements to the ASX;
- each period of 45 days immediately prior to the intended date upon which the Company releases its half year financial statements to the ASX;
- each period of 14 days immediately prior to the intended date upon which the Company holds its annual general meeting; and
- each period of 4 hours immediately after the date upon which the Company issues a price-sensitive ASX announcement.

No director, officer or employee may deal in Company shares at any time for short term gain, including buying and selling Company shares in a 3-month period, without the written approval of the Chairman or in the case of the Chairman the remaining Board members.

In order to ensure compliance with the Policy all directors, officers and employees must discuss any proposed dealing with the Chairman or the Company Secretary prior to trading Company shares at any time.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Motopia's communication strategy is to promote effective communication with shareholders.

Motopia is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about Motopia's activities in a balanced and understandable way;
- complying with continuous disclosure obligations contained in the applicable Australian Securities Exchange (ASX) Listing Rules and the *Corporations Act* in Australia; and
- communicating effectively with its shareholders and making it easy for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:

- through the release of information to the market via the ASX;
- through the distribution of the Annual Report and Notices of Annual General Meetings;
- through shareholder meetings;
- through letters and other forms of communications directly to shareholders;
- by posting relevant information on Motopia's website; and
- by providing shareholders with a choice of information delivery options i.e. paper or electronic means.

The Company maintains information in relation to its corporate governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

The external Auditors attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board of Motopia takes a proactive approach to the Company's risk management and internal compliance and control system. The Board implements and maintains risk management and internal control systems to manage the Company's material business risks. The Board reviews the Company's risk management framework at least annually to satisfy itself that it continues to be sound. A review of the Company's risk management framework occurred during the year.

The Board of Motopia is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board of Directors. An internal audit function has not been established as the Board considers that at this stage in the Company's development, no benefits or efficiencies are to be gained by delegating the tasks to a separate function.

The Company's risk management processes aimed at achieving the following:

- a culture of risk control and the management of risk throughout the Company;
- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and
- adoption of practices and procedures to minimise many of the standard commercial risks, i.e., taking out the appropriate insurance policies and ensuring compliance reporting is up to date.

Management reports to the Board on the effectiveness of the Company's management of its material business risks. In addition, the Board undertakes a review of all major activities to assess risk and the effectiveness of strategies implemented to manage risk. During the reporting period, management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Given the size of the Board and the Company, the Board does not consider it appropriate to have a Remuneration Committee at this stage. The Board is responsible for the Company's remuneration policy and has adopted a Remuneration Policy which outlines processes by which the Board shall review officer and management remuneration.

The Company is committed to remunerating its officers and executives fairly and to a level which is commensurate with their skills and experience and which is reflective of their performance.

The Board will monitor and review:

- the remuneration arrangements for the Chief Executive Officer and other executive directors and set parameters within which the Chief Executive Officer will review arrangements for other senior executives;
- the remuneration policies, personnel practices and strategies of the Company generally;
- any employee incentive schemes;
- the remuneration arrangements for non-executive Directors;
- the size and composition of the Board and criteria for Board membership; and
- the membership of the Board and candidates for consideration by the Board.

The Company remunerates directors and key executives fairly and appropriately with reference to the skills and experience of the director/executive and employment market conditions. Any bonus or incentive payments made to directors and executives are based on the achievement of set financial and/or operational performance targets. Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders. Participants in an equity based remuneration scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

The Company is committed to remunerating its staff, executives and consultants in a manner that is market-competitive and consistent with 'Best Practice' as well as supporting the interests of Shareholders. Senior Management may receive a remuneration package based on fixed and variable components, determined by their position and experience. Shares and/or Options may also be granted based on an individual's performance, with those granted to Directors subject to Shareholder approval.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in Equity Schemes of the Company without prior Shareholder approval.

The Company has provided disclosure of a summary of its remuneration policies for the Company's officers in Directors' Report.

Payment of equity-based remuneration is made in accordance with thresholds set in plans approved by shareholders.

There is no scheme to provide retirement benefits other than statutory superannuation to non-executive directors. For details of the amount of remuneration, and all monetary and non-monetary components, for each of the five highest-paid executives during the year and for all directors, refer to the Directors' report.

The Company did not have any employee during the year ended 30 June 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
Revenue from continuing operations	4	6,000	40,000
TOTAL REVENUE		6,000	40,000
Cost of services rendered		-	-
Gross Profit		**6,000**	**40,000**
Other Income	4	114	64,927
Employee & directors benefits expense	5a	(162,000)	(118,703)
Depreciation and amortisation expense	5b	(110,925)	(33,452)
Impairment of assets	5b	(626,892)	(111,111)
Consulting fees		(555,944)	(287,277)
Legal and other professional fees		(117,682)	(115,300)
Regulatory listing fees		(45,297)	(39,286)
Occupancy expenses		(11,504)	(11,972)
Other expenses		(147,842)	(54,820)
Finance costs		(1,826)	(1,866)
Share of net loss from associate	13	-	(75,708)
Loss before Income Tax from continuing operations		**(1,773,798)**	**(744,568)**
Income Tax Benefit	7	-	-
Loss after income tax expense from continuing operations		**(1,773,798)**	**(744,568)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the year		**(1,773,798)**	**(744,568)**
Loss for the year is attributable to:			
-members of the parent entity		**(1,773,798)**	**(744,568)**
		(1,773,798)	**(744,568)**
Total comprehensive loss for the year is attributable to:			
-members of the parent entity		**(1,773,798)**	**(744,568)**
		(1,773,798)	**(744,568)**
Earnings per share ($ per share)			
Continuing operations			
- Basic loss per share	8	(0.0003)	(0.0002)
- Diluted loss per share	8	(0.0003)	(0.0002)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	Consolidated Group 2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	9	71,744	51,391
Trade and other receivables	10	36,454	291,556
Other current assets	11	11,609	12,984
Total current assets		119,807	355,931
Non-current assets			
Property, plant & equipment		-	830
Investments accounted for using the equity method	13	-	174,292
Intangible assets	14	438,147	692,431
Total non-current assets		438,147	867,553
Total assets		**557,954**	**1,223,484**
Liabilities			
Current liabilities			
Trade and other payables	15	287,230	175,903
Total current liabilities		287,230	175,903
Non-current liabilities			
Deferred tax liabilities	16	-	77,458
Other loans		2,015	1,940
Total non-current liabilities		2,015	79,398
Total liabilities		**289,245**	**255,301**
Net assets		**268,709**	**968,183**
Equity			
Contributed equity	17	45,147,042	44,072,718
Accumulated losses		(44,878,333)	(43,104,535)
Total equity		**268,709**	**968,183**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Attributable to Equity Holders of the Parent				
	Contributed Equity	Accumulated Losses	Options Reserve	Treasury Shares	Total Equity
Balance as at 1 July 2015	**44,072,718**	**(43,104,535)**	**-**	**-**	**968,183**
Loss for the year	-	(1,773,798)	-	-	**(1,773,798)**
Total Comprehensive loss for the year	-	(1,773,798)	-	-	**(1,773,798)**
Transactions with owners in their capacity as owners:					
Issue of Share Capital	1,165,879	-	-	-	1,165,879
Transactions costs related to share issue	(91,555)	-	-	-	(91,555)
Balance as at 30 June 2016	**45,147,042**	**(44,878,333)**	**-**	**-**	**268,709**
Balance as at 1 July 2014	**43,213,497**	**(42,648,856)**	**288,889**	**(20,000)**	**833,530**
Loss for the year	-	(744,568)	-	-	**(744,568)**
Total Comprehensive loss for the year	-	(744,568)	-	-	**(744,568)**
Transactions with owners in their capacity as owners:					
Issue of Share Capital	917,849	-	-	-	917,849
Transactions costs related to share issue	(82,770)	-	-	-	(82,770)
Convertible notes Transfer expired options	-	288,889	(288,889)	-	-
Sale of Treasury Shares	24,142	-	-	20,000	44,142
Balance as at 30 June 2015	**44,072,718**	**(43,104,535)**	**-**	**-**	**968,183**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated 2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	44,000
Interest received		114	1,622
Payments to suppliers and employees		(869,466)	(635,668)
Bank charges and interest paid		(137)	(121)
Net cash used in operating activities	21	(869,489)	(590,167)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans extended		75	(265,768)
Loan repayments		-	548,940
Cash acquired from CU2T acquisition		-	864
Acquisition of entity investment		-	(75,000)
Acquisition of non-current assets		(175,400)	(375,560)
Net cash used in investing activities		(175,325)	(166,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,065,167	468,550
Proceeds from convertible shares		-	-
Net cash provided by financing activities		1,065,167	468,550
Net (decrease)/increase in cash held		20,353	(288,141)
Cash at beginning of financial year		51,391	339,532
Cash at end of financial year	9	71,744	51,391

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1 Corporate Information

The financial report of Motopia Limited ("the Company") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 30 September 2016.

Motopia Limited is a company limited by shares, incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

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

Note 2 Statement of Significant Accounting Policies

a. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'). This financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Motopia is a for-profit entity for the purposes of preparing the financial statements. The financial report has also been prepared on a historical cost basis, except for available for sale financial assets and financial assets and liabilities at fair value through profit or loss, which have been measured at fair value.

The financial report is presented in Australian dollars.

b. Going concern

For the year ended 30 June 2016, the consolidated entity incurred a loss of $1,773,798 (2015: $744,568) and had cash outflows from operating activities of $869,489 (2015: $590,167).

The ability of the consolidated entity to continue as a going concern is dependent on raising additional funds through a successful capital raising, receiving a Research and Development tax refund and achieving the forecast revenue targets. The directors acknowledge that these conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

Raptor Global Corporation Ltd has supported the company in its endeavours since it was contracted in November 2014. Raptor's belief in the potential of the company has not waned and they have provided a letter of continuing support to the auditor and the board confirming this.

The financial report has been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

1. Capital Raisings Activities

During the financial year ended 30 June 2016, the Company successfully completed capital raisings of $1,165,879. The Board have demonstrated a strong history of successful capital raisings, in conjunction with Raptor Global Corporation, and will undertake additional capital raisings to meet future expansion and cash flow requirements of $2.6m.

2. Research and Development Tax Refund

A research and development tax refund was submitted on 23 September 2016 for the year ended 30 June 2016. A refund of $309,886 is expected to be received in October 2016.

3. Expected Cash inflow from migration technologies business

The consolidated entity continues to invest in the development of specialised system migration technologies to further enable customers to move the legacy data to commercial-off-the shelf software. This investment in future technologies will further grow the business offering and generate diversified revenue streams. This will enable Motopia to have a solid platform of technologies and IT resources to underpin its growth and revenue initiatives for 2017.

The directors are confident the additional funds will be raised and that the consolidated entity will continue as a going concern. The financial report has therefore been prepared on that basis.

Notes to the Consolidated Financial Statements (cont….)

Note 2 Statement of Significant Accounting Policies (cont...)

Should the consolidated entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

c. New, raised or Amending Accounting Standard Adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations is not expected to have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15 (applicable to annual reporting periods beginning on or after 1 January 2018)
The amendments make consequential amendments to various other accounting standards as a result of the new revenue standard.

AASB 2016-3: Amendments to Australian Accounting Standards - Clarifications to AASB 15 (applicable to annual reporting periods beginning on or after 1 January 2018).

As a result of implementation issues identified by the Transition Resource Group (TRG) for the new revenue standard, the AASB 2016-3 was issued to provide additional guidance and illustrative examples on identifying performance obligations, principal vs agent considerations and licensing. The amendments also include additional practical expedients on transition to AASB 15.

d. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Motopia Limited and its subsidiaries as at 30 June each year. Control is achieved where the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, 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. Unrealised losses are eliminated unless costs cannot be recovered.

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

Notes to the Consolidated Financial Statements (cont….)

Note 2 Statement of Significant Accounting Policies (cont...)

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Company are allocated their share of net profit after tax in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and are presented within equity in the Consolidated Statement of Financial Position, separately from parent shareholders' equity.

e. Operating Segments

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the Board of Directors and the Executive Management Team (the chief operating decision makers).

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with any of the Company's other components) whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments, assess its performance and for which discrete financial information is available.

A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

f. Cash and cash equivalents

Cash and cash equivalents in the Consolidated 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 Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Consolidated Statement of Financial Position.

g. Trade and other receivables

Trade receivables, which generally have 14 - 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable may be considered doubtful.

Bad debts are written-off when identified as uncollectible.

h. Investments and other financial assets

Investments and other financial assets are measured at either fair value through profit or loss, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Notes to the Consolidated Financial Statements (cont….)

Note 2 Statement of Significant Accounting Policies (cont...)

i. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing balance basis to write off the net cost of each item of plant and equipment over their estimated useful lives.

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised through profit or loss.

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. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Consolidated Statement of Profit or Loss and Other Comprehensive Income in the year the asset is derecognised.

j. Intangibles

Intangible assets acquired as part of a business combination, other than Goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Following initial recognition, intangible assets are subsequently measured at cost less any accumulated amortisation and any accumulated impairment. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits 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 the useful life and assessed for impairment annually or 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 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when the asset is derecognised.

k. Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short-term nature and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

l. Interest- bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

Notes to the Consolidated Financial Statements (cont….)

Note 2 Statement of Significant Accounting Policies (cont...)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income when the liabilities are derecognised and as well as through the amortisation process.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

The fair value of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

m. Share-based payment transactions

i. Equity settled transactions:

The Company provides benefits in the form of share-based payments to all employees. To date however, only key management personnel of the Company have benefited from this plan. These KMP's render services in exchange for shares or rights over shares (equity-settled transactions). There is currently one plan in place to provide these benefits:

- the Employee Share Option Plan (ESOP), which provides benefits to key management personnel.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value for options granted are determined by using the Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Motopia Limited (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting date has expired and
- the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 8).

Notes to the Consolidated Financial Statements (cont….)

Note 2 Statement of Significant Accounting Policies (cont...)

n. Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

o. Revenue Recognition

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

The following specific recognition criteria must also be met before revenue is recognised:

i. Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

ii. Other income

Other income is recognised when it is received.

iii. Research and development tax refund

The research and development tax refund is not recognised until there is a reasonable assurance that the Company will comply with the conditions attaching to the refund and that the refund will be received.

iv. Service revenue

Revenue from rendering of services to customers is recognised upon delivery of the service to the customer. The revenue from services comprised of fees billed and is recognised to the extent that it is probable that the economic benefit will flow to the Company and that revenue can be reliably measured. The Company measures revenue at the fair value of the consideration received or receivable.

p. Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

Notes to the Consolidated Financial Statements (cont….)

Note 2 Statement of Significant Accounting Policies (cont...)

p. Income tax (cont…)

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Motopia Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2006.

The head entity, Motopia Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Company has applied the "separate tax payer within the group approach" in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

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

q. Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

r. Earnings per share

Basic earnings per share is calculated by dividing the net profit/loss attributable to members of Motopia Limited, excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share is calculated as net profit/loss attributable to members of Motopia Limited, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Consolidated Financial Statements (cont….)

Note 2 Statement of Significant Accounting Policies (cont...)

s. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to continually make judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and Intangibles

The Company tests annually or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangibles have suffered any impairment, in accordance with the accounting policy stated in note (j) above. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated.

(ii) Estimation of useful lives of assets

Estimated useful lives of depreciable property, plant and equipment assets are reviewed on a regular basis and at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

t. Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

u. Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred and/or liabilities incurred by the acquirer. All acquisition costs are expensed as incurred to profit and loss.

On acquisition of a business, the Company assesses the financial assets acquired and liabilities assumed for appropriate classification in accordance with the contractual terms, economic conditions, the Company's accounting policies and other pertinent conditions in existence at the acquisition date.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets and liabilities during the measurement period, based on new information obtained

Notes to the Consolidated Financial Statements (cont….)

Note 2 Statement of Significant Accounting Policies (cont...)

u. Business combinations (cont…)

about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 3 Financial risk management objectives and policies

The Company's principle financial instruments comprise receivables, payables, convertible notes and cash and short term deposits.

The Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets whilst protecting future financial security.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Company uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rates. Aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for credit allowances, and future cash flow forecast projections.

Risk Exposures and Responses

Interest rate Risk

The Company's exposure to market interest rate related primarily to the Company's cash deposits.

At reporting date, the Company had the following mix of financial assets and liabilities exposed to Australian variable interest rates:

	Consolidated	
	2016	2015
	$	$
Cash & cash equivalents	71,744	51,391
Net	71,744	51,391

The directors have reviewed the Company's exposure to interest rate risk and do not consider it to be significantly impacted by sensitivity to interest rate movements.

Credit Risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents, trade and other receivables. The Company's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

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

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

It is the Company'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. The risks are regularly monitored.

In addition, receivables balances are monitored on an ongoing basis with the result that the Company's exposure to bad debt is not significant.

Notes to the Consolidated Financial Statements (cont….)

Note 3 Financial risk management objectives and policies (cont….)

Fair value

The method for estimating fair value is outlined in the relevant Notes to the Consolidated Financial Statements.

Liquidity Risk

Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 4 Revenue and Other Income

	Consolidated 2016 $	2015 $
Revenue		
Revenue from the rendering of services	6,000	40,000
Other Income		
Interest revenue	114	61,488
Other	-	3,439
	114	64,927

Note 5 Expenses

		Consolidated 2016 $	2015 $
5a	**Employee & Directors benefits expense**		
	Director & company secretary fees	162,000	118,703
5b	**Depreciation, amortisation & impairment**		
	Depreciation and amortisation	110,925	33,452
	Impairment charges:		
	- Intangible assets (note 14e)	180,732	111,111
	- Investment (note 13a)	174,292	-
	- Loan receivables (note 10)	271,868	-
	Total depreciation, amortisation & impairment charges	737,817	144,563

Note 6 Auditor's Remuneration

	Consolidated 2016 $	2015 $
Remuneration of the auditor of the parent entity for:		
- Auditing and Reviewing the Financial Report and interim financial statements	51,025	45,660
	51,025	**45,660**

Notes to the Consolidated Financial Statements (cont….)

Note 7 Income Tax Expense

The Company has not recognised any deferred tax assets or liabilities in respect to the current year (2015: $77,458).

There are unrecognised deferred tax assets arising from tax losses. The benefit of losses is not brought to account as realisation is not currently regarded as probable. These losses will only be available for recoupment if:

(i) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised;

(ii) The Company continues to comply with the conditions for deductibility imposed by the law; and

(iii) No changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Tax Consolidation

Motopia Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group from 1 July 2006 under the tax consolidation regime. Motopia Limited is the head entity of the consolidated group.

	Consolidated Group 2016 $	2015 $
Income tax expense/(benefit):		
Current tax	-	-
Deferred tax – origination and reversal of temporary differences	-	-
Adjustment recognised for prior periods	-	-
Aggregate income tax expense/(benefit)	-	-
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	-	-
Increase/(decrease) in deferred tax liabilities	-	-
Deferred tax – origination and reversal of temporary differences	-	-
Reconciliation between prima facie tax on loss from ordinary activities to statutory income tax expense:		
Loss before income tax expense from continuing operations	(1,773,798)	(744,568)
Prima facie tax (benefit) on loss from ordinary activities before income tax at 30% (2015: 30%)	(532,139)	(223,370)
Add:		
Tax effect of:		
Non-deductible items	-	-
Impairment of assets	188,067	33,333
	188,067	33,333
	(344,072)	(190,037)
Less:		
Tax effect of:		
Losses Carried Forward Not Recognised	344,072	190,037
Income tax benefit/(expense)	-	-
The Directors estimate that the potential deferred tax asset in respect of tax losses not brought to account is:	4,774,549	4,430,477
A full assessment of the availability of these losses to the company has not been made.		

The tax losses identified above have been estimated on the basis of available information. It has not been determined if the company has met the continuity of ownership test to enable all or part of these losses to be utilised.

Notes to the Consolidated Financial Statements (cont….)

Note 8 Earnings per Share

Basic earnings or loss per share are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted earnings or loss per share amounts are calculated by dividing the net profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Share options are considered to be anti-dilutive and not used in the calculation of diluted EPS.

	Consolidated	
	2016	2015
	$	$
The following reflects the income and share data used in the basic and diluted earnings per share computations:		
Loss after income tax expense from continuing operations	(1,773,798)	(744,568)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS	5,528,703,400	4,185,877,115
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS	5,528,703,400	4,185,877,115
Basic loss per share	(0.0003)	(0.0002)
Diluted loss per share	(0.0003)	(0.0002)

Note 9 Cash and Cash Equivalents

	Consolidated	
	2016	2015
	$	$
Cash at bank and in hand	71,744	51,391
	71,744	51,391

Note 10 Trade and Other Receivables

		Consolidated	
		2016	2015
		$	$
Trade receivables		6,600	-
Other receivables		29,854	19,688
Related Party Loans			
Interest Free Loans:			
Loan Receivable – CU2 Global Pty Ltd		271,868	271,868
Less: Provision for impairment – CU2 Global Pty Ltd	(i)	(271,868)	-
		36,454	291,556

Impairment of Receivables

(i) Movements in the provision for impairment of receivables are as follows:		
Opening balance	-	-
Current year loan impairment	(271,868)	-
Closing balance	(271,868)	-

Other balances within trade and other receivables do not contain impaired assets and are not past due.

Notes to the Consolidated Financial Statements (cont….)

Note 10 Trade and Other Receivables (cont….)

(a) Related party receivables (refer note 19 for further details)

CU2 Global Pty Ltd

A total of $540,379 was advanced to CU2 Global Pty Ltd ("CU2G") during the year ended 30 June 2014, of which $271,868 was outstanding during the year ended 30 June 2016 . The directors have reviewed the financial position of CU2 Global Pty Ltd and its forecast cash flows and believe the loans owing to Motopia Limited will not be recoverable. An impairment of $271,868 has been recognised in the 2016 financial year.

(b) Fair value and credit risk

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Company's policy to transfer (on-sell) receivables to special purpose entities.

(c) Interest rate risk

Detail regarding interest rate risk exposure is disclosed in Note 3.

Note 11 Other Current Assets

	Consolidated	
	2016 $	2015 $
Prepaid insurance	5,509	5,840
Prepaid listing fees	-	1,044
Prepaid legal fees	6,000	6,000
Other assets	100	100
	11,609	12,984

Note 12 Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Percentage Owned (%)*	
	Country of Incorporation	2016 %	2015 %
Parent Entity:			
Motopia Limited	Australia		
Subsidiaries of Motopia Limited:			
ConvertU2 Technologies Pty Ltd	Australia	100%	100%
ConvertU2 Online Pty Ltd	Australia	100%	100%
2play Mobile Pty Ltd	Australia	100%	100%
Pro Fantasy Sports Pty Ltd	Australia	100%	100%
Lemon & Lime International Pty Ltd	Australia	100%	100%

*Percentage of voting power is in proportion to ownership

Note 13 Investments Accounted for Using the Equity Method

Set out below are the material associates of the Company. All of the entities listed below have share capital consisting solely of ordinary shares:

			Percentage Owned		Carrying Amount	
		Country of Incorporation	2016 %	2015 %	2016 $	2015 $
CU2 Global Pty Ltd	(a)	Australia	27%	27%	-	174,292
					-	174,292

Notes to the Consolidated Financial Statements (cont….)

Note 13 Investments Accounted for Using the Equity Method (cont….)

(a) CU2 Global Pty Ltd

CU2G has the worldwide exclusive rights to market and deliver the technology known as 2SQL and has previously announced Fujitsu have entered a Global partnering agreement with CU2G. CU2G has announced additional partnership arrangements to increase the channels to market, including with Converter Technology Inc. and also the impending release of additional versions to cater for Oracle to Sequel Server; MySQL to Sequel Server; and Microsoft Access to SQL Azure. CU2G provides the technology for businesses looking to simplify their existing data management systems, reduce the costs of operating those systems and enable implementation in a Cloud environment (previously inaccessible).

On 11 November 2014 Motopia gained control of CU2G with a holding of 85% (85 shares valued at $359,821) of the company. On 27th February 2015, the company sold 41 shares in CU2G in exchange for the 109,821,429 shares (valued at $109,821) issued for the initial acquisition in November 2014. Its shareholding in CU2G was further diluted when CU2G conducted a capital raising and issued additional shares to new shareholders, reducing Motopia's holding to 27.3% thus losing control of CU2G. The retained equity interest in CU2G allows Motopia to have a significant influence over CU2G hence the equity method is used to account for the investment in CU2G.

The directors do not believe sufficient revenue will be derived over the next three years and have impaired this asset.

Investment in CU2G accounted for using the equity method	2016 $	2015 $
Opening balance	174,292	-
Add: Additions	-	359,821
Less: Disposal	-	(109,821)
Less: Share of Loss	-	(75,708)
Less: Provision for impairment	(174,292)	-
Closing balance	-	174,292

Note 14 Intangible Assets

		Consolidated	
		2016 $	2015 $
Priority Processing Systems Pty Ltd – Management Agreement	(a)	200,000	200,000
Less: Accumulated amortisation		(22,222)	(22,222)
Less: Provision for impairment		(177,778)	(177,778)
		-	-
CU2 Global Pty Ltd – Management Agreement	(b)	200,000	200,000
Less: Accumulated amortisation		(88,889)	(88,889)
Less: Provision for impairment		(111,111)	(111,111)
		-	-
mVentures Pty Ltd – Management Agreement	(c)	150,000	150,000
Less: Provision for impairment		(150,000)	(150,000)
		-	-
Lemon & Lime platform – at cost		5,500	5,500
Less: Accumulated amortisation		(2,750)	-
		2,750	5,500
Trademarks – at cost		1,772	1,772
Less: Accumulated amortisation		(1,772)	(1,558)
		-	214

Notes to the Consolidated Financial Statements (cont….)

Note 14 Intangible Assets (cont….)

ConvertU2Online Platform – at cost	(d)	292,527	178,527
Less: Accumulated amortisation		(44,630)	-
		247,897	178,527
CU2T IP – at cost	(e)	258,190	258,190
Less: Provision for impairment		(258,190)	-
		-	258,190
Modac IP – at cost	(f)	250,000	250,000
Less: Accumulated amortisation		(62,500)	-
		187,500	250,000
Total intangibles		438,147	692,431

(a) Priority Processing Systems Pty Ltd (PPS)

Lemon and Lime (a wholly owned subsidiary of Motopia Ltd) has entered into a conditional 3 year Management Agreement with PPS. PPS has been established to supply a range of financial transaction services into a number of industry sectors. These include Customer Engagement Program (CEP) operators (loyalty program operators), clubs and associations, major utilities, super funds, unions, merchant groups and charitable organisations.

Contractual rights under this agreement are recognised as an intangible asset and measured using the value of Motopia Ltd shares given as a consideration. This intangible asset is amortised over a three year period, being the terms of agreement.

Shares in Motopia Ltd valued at $200,000 were issued as part of this agreement. The directors do not believe sufficient revenue will be derived over the next three years and have impaired this asset.

(b) CU2 Global Pty Ltd (CU2G) Management Agreement

Lemon and Lime (a wholly owned subsidiary of Motopia Ltd) management agreement with CU2G is initially for three years. CU2G is the exclusive global distributor for ConvertU2 Technologies Pty Ltd.'s ("CU2T") 2SQL Software ("2SQL"). CU2T is an Australian based company and world leader in the automated conversion and migration of Microsoft Access Applications & Databases to Microsoft Sequel (SQL) Server. Its 2SQL program is considered the panacea or 'Silver Bullet' for automating the migration of Microsoft Access to the SQL Server platform. The directors believe that entering into the management agreement with CU2G will provide sustainable revenue over the next 2 years.

Contractual rights under this agreement are recognised as an intangible asset and measured using the value of Motopia Ltd shares given as a consideration. This intangible asset is amortised over a three year period, being the terms of agreement. Shares in Motopia Ltd valued at $200,000 were issued as part of this agreement (refer note 17). The directors do not believe sufficient revenue will be derived over the next three years and have impaired this asset.

(c) mVentures Holding Pty Ltd (mV) Management Agreement and Facility Agreement

Lemon and Lime International has entered into a conditional 3-year Management Agreement and Facility Agreement with mV. mV supplies services into the prepaid (debit card) transaction processing space. mV is capitalising on an opportunity to address existing unsatisfied demand in the Club and Associations sector (including loyalty programs) through providing real-time financial transaction services which integrate with loyalty and existing management systems. Shares in Motopia Ltd valued at $150,000 were issued as part of this agreement. The directors do not believe sufficient revenue will be derived over the next three years and have impaired this asset.

(d) ConvertU2 Online Platform

Motopia's current proprietary platform technology is the ConvertU2online platform which hosts 2SQL Microsoft Access to Sequel Server (SQL) migration technology. This is the first commercialisation product with an extremely large market size, both domestically and internationally. The platform enables the 2SQL migration technology to be deployed through the online portal www.convertU2online.com

The platform is recognised and measured as an intangible asset based on the development costs incurred. The directors have assessed the useful life of the asset as 4 years and have amortised the asset from 1 July 2015.

Notes to the Consolidated Financial Statements (cont….)

Note 14 Intangible Assets (cont….)

(e) ConvertU2 Technologies Pty Ltd (CU2T) – IP

CU2T's 2SQL program is considered the panacea for automating the migration of Microsoft Access to the SQL Server platform. CU2T is now operating as the company's in-house technology development arm. This will streamline the development of further applications based on the Paser engine which powers 2SQL. The acquisition also provides a clear management structure for high level technical support to be provided where needed to both the 2SQL online service via the company's new online platform, and for the 2SQL on premise service via CU2 Global.

The IP is recognized and measured as an intangible asset at fair value. The fair value of the IP is determined based on the excess consideration paid for the acquisition of CU2T. The directors do not believe sufficient revenue will be derived over the next three years and have impaired this asset. The impairment loss of $180,732 was recognised in the statement of profit or loss and other comprehensive income (Note 5b). Remaining balance of $77,458 was offset against deferred tax liability on the fair value of IP acquired in the statement of financial position (Note 16).

(f) Modac Group Pty Ltd (Modac) – IP

On 24th April 2015, the company gained control in Modac Group Pty Ltd ("Modac") by acquiring 100% of the shares in Modac through ConvertU2Online Pty Ltd ("CU2O"), a wholly owned subsidiary, for $250,000. The investment in Modac is held by CU2O.

Modac is the Pacific licensee of iSpirer technology. Like 2SQL, iSpirer's technology enables customers to migrate from legacy database applications some of which include Oracle, DB2, FoxPro and Progress to SQL Server. The acquisition of iSpirer technology capabilities builds upon on the vision of Motopia to be Australia's best provider of legacy migration solutions and further cements Motopia's ambition to realise the full commercial potential of the 2SQL software.

The total consideration of $250,000 paid for the acquisition of Modac is recognized as the fair value of the IP in Modac. The directors have assessed the useful life of the asset as 4 years and have amortised the asset from 1 July 2015.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated		Management Agreement $	Software $	Trademarks & IP	Total $
Balance at 30 June 2014		144,444	5,500	-	**149,944**
Acquisition	(a)	-	178,527	-	**178,527**
Additions through business combinations		-	-	508,464	**508,464**
Amortisation		(33,333)	-	(60)	**(33,393)**
Impairment of assets		(111,111)	-	-	**(111,111)**
Balance at 30 June 2015		-	184,027	508,404	**692,431**
Acquisition	(a)	-	114,000	-	**114,000**
Amortisation		-	(47,380)	(62,714)	**(110,094)**
Impairment of assets		-	-	(258,190)	**(258,190)**
Balance at 30 June 2016		-	250,647	187,500	**438,147**

(a) ConvertU2 Online Platform

Motopia's current proprietary platform technology is the ConvertU2online platform which enables the company to fully realise the commercial potential of the 2SQL technology and leverage the market trends to remove Microsoft Access databases from operating environments. The platform is recognized and measured as an intangible asset based on the development costs incurred.

Notes to the Consolidated Financial Statements (cont….)

Note 15 Trade and Other Payables

	Consolidated	
	2016 $	2015 $
Current		
Unsecured liabilities:		
Trade payables	219,189	65,466
Sundry payables and accrued expenses	68,041	110,437
	287,230	175,903

Note 16 Deferred Tax Liabilities

	Consolidated	
	2016 $	2015 $
Movements:		
Opening balance	77,458	-
Additions through business combinations	-	77,458
Reversal of temporary differences – impairment of CU2T IP (Refer to Note 14e)	(77,458)	-
Closing balance	-	77,458

Note 17 Contributed Equity, Treasury Shares and Options Reserves

	Consolidated	
	2016 $	2015 $
Ordinary shares	45,147,042	44,072,718
	45,147,042	**44,072,718**

Ordinary Shares

Ordinary shareholders have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and moneys paid up on shares held. The fully paid ordinary shares have no par value. Ordinary shareholders are entitled to one vote, either in person or by proxy at a meeting of the Company.

Ordinary Shares	2016		2015	
	No. Shares	$	No. Shares	$
Opening balance	**4,897,866,370**	**44,072,718**	**3,017,627,428**	**43,213,497**
Rights issue and share placements	1,616,549,002	1,144,451	850,384,608	550,251
Convertible Notes	-	-	662,255,555	-
Option exercised	21,428,000	21,428	-	-
Shares issued for CU2G acquisition	-	-	359,821,429	359,821
Shares bought back for CU2G disposal	-	-	(109,821,429)	(109,821)
Shares issued for CU2T acquisition	-	-	109,821,429	109,821
Priority Processing Systems Facilities Agreement	-	-	7,777,350	7,777
CU2 Facilities Agreement	-	-	-	24,142
Transactions costs related to share issue	-	(91,555)	-	(82,770)
Closing balance	**6,535,843,372**	**45,147,042**	**4,897,866,370**	**44,072,718**

Notes to the Consolidated Financial Statements (cont….)

Note 17 Contributed Equity, Treasury Shares and Options Reserves (cont….)

Option Reserve	2016		2015	
	No. Shares	$	No. Shares	$
Opening balance	**295,427,140**	**-**	**299,427,140**	**288,889**
Transfer of expired options to accumulated losses	-	-	(4,000,000)	(288,889)
Options exercised during the period	(21,428,000)	-	-	-
Options expired during the period	(273,999,140)	-	-	-
Closing balance	**-**	**-**	**295,427,140**	**-**
Total Contributed Equity	**6,535,843,372**	**45,147,042**	**5,193,293,510**	**44,072,718**

Share options carry no rights to dividends and no voting rights. In accordance with the terms of the share option schemes, options may be exercised at any time from the date on which they vest to the date of their expiry, subject to any additional specific requirements of the particular allocation. Consideration received on the exercise of options is recognised as contributed equity.

There are no options on issue as at 30 June 2016.

Further information on the options and remuneration of Key management personnel is set out in the Directors' Report.

Capital Risk Management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistently with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings', 'trade and other payables', and 'loan to related parties' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position (including non-controlling interests) plus net debt.

The gearing ratios at 30 June 2016 and 30 June 2015 were as follows:

	Consolidated	
	2016 $	2015 $
Total borrowings	289,245	177,743
Less: cash and cash equivalents	(71,744)	(51,391)
Net debt	217,501	126,352
Total equity	268,709	968,183
Gearing Ratio	81%	13%

Note 18 Segment Reporting

Motopia has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors and the senior management team in assessing the performance and in determining the allocation of resources.

Motopia identified two business segments:

- *System Migration* – the development of specialized or custom system migration technologies
- *App Development* – the development of mobile and tablet application

Notes to the Consolidated Financial Statements (cont….)

Note 18 Segment Reporting (cont….)

The following table presents the revenue and result information regarding business segments for the financial year ended 30 June 2016.

	System Migration	App Development	Consolidated
Year ended 30 Jun 2016			
Revenue			
From continuing operations	6,000	-	6,000
Total segment revenue	6,000	-	6,000
Unallocated revenue			-
Total revenue per Statement of Profit or Loss and Other Comprehensive Income			**6,000**
Result			
Segment Result	(1,773,912)	-	(1,773,912)
Unallocated expenses			
Other income			114
Loss before income tax from continuing operations			**(1,773,798)**
Income tax revenue/(expense)			-
Net Loss for the year			**(1,773,798)**
Assets			
Allocated assets	555,204	2,750	557,954
Unallocated assets	-	-	-
	555,204	**2,750**	**557,954**
Liabilities			
Allocated liabilities	289,245	-	289,245
Unallocated liabilities	-	-	-
	289,245	**-**	**289,245**
Net Assets	**265,959**	**2,750**	**268,709**

The following table presents the revenue and result information regarding business segments for the financial year ended 30 June 2015.

	System Migration	App Development	Consolidated
Year ended 30 Jun 2015			
Revenue			
From continuing operations	40,000	-	40,000
Total segment revenue	40,000	-	40,000
Unallocated revenue			-
Total revenue per Statement of Profit or Loss and Other Comprehensive Income			**40,000**
Result			**-**
Segment Result	(749,629)	-	(749,629)
Unallocated expenses			
Other income			5,061
Loss before income tax from continuing operations			**(744,568)**
Income tax revenue			-
Net (Loss for the year)			**(744,568)**

Notes to the Consolidated Financial Statements (cont….)

Note 18 Segment Reporting (cont….)

	System Migration	App Development	Consolidated
Assets			
Allocated assets	1,217,984	5,500	1,223,484
Unallocated assets	-	-	-
	1,217,984	**5,500**	**1,223,484**
Liabilities			
Allocated liabilities	255,301	-	255,301
Unallocated liabilities	-	-	-
	255,301	-	**255,301**
Net Assets	**962,683**	**5,500**	**968,183**

Note 19 Related Party Disclosure

Director and key management personnel related entities

The following entities have been determined to be related party entities:

Entity	Director/Key Management Personnel
CU2 Global Pty Ltd	CU2 Global Pty Ltd ("CU2G") is a related party entity. It is an associate of Motopia Limited. Mr Stephen Dale is director of both Motopia Limited and CU2G.
ConvertU2 Technologies Pty Ltd	ConvertU2 Technologies Pty Ltd ("CU2T") is a related party entity. It is a wholly-owned subsidiary of Motopia Limited.
ConvertU2 Online Pty Ltd	ConvertU2 Online Pty Ltd ("CU2O") is a related party entity. It is a wholly-owned subsidiary of Motopia Limited.
Raptor Global Corporations Ltd	Raptor Global Corporations Ltd ("Raptor") is a related party entity. Mr Marcus L'Estrange and Mr Shaun Melville are both directors of Motopia Limited and Raptor.
Anthem Software Pty Ltd	Anthem Software Pty Ltd ("Anthem") is a related party entity. Mr Adrian Floate is director of both Motopia Limited and Anthem.
Appstablishment Software Group Pty Ltd	Appstablishment Software Group Pty Ltd ("Appstablishment") is a related party entity. Mr Adrian Floate is director of both Motopia Limited and Appstablishment.
Cirralto Business Services Pty Ltd	Cirralto Business Services Pty Ltd ("Cirralto") is a related party entity. Mr Adrian Floate is director of both Motopia Limited and Cirralto.
Floating Assets Trust	Floating Assets Trust is a related party entity in which Mr Adrian Floate has a beneficial interest.

Loans Issued to Related Entities

CU2 Global Pty Ltd has been made loans. Refer Note 10 for further details.

Share Issued to Related Entities

No shares in Motopia Ltd were issued to directors and key management personnel of related entities during the year. Movements in shareholding of directors and key management personnel and their related parties are set out in the directors' interest section in the directors' report and note 20.

Directors and key management personnel

Disclosures relating to directors and key management personnel are set out in the remuneration report in the directors' report and note 20.

Notes to the Consolidated Financial Statements (cont….)

Note 19 Related Party Disclosure (cont…)

Transactions with related parties

During the year, services have been provided to directors' related entities as follows:

Director	Entity	Nature	2016	2015
Mr Marcus L'Estrange	Raptor Global Corporation Ltd	Consulting services & Capital raising fees	190,581	160,455
Mr Shaun Melville	Raptor Global Corporation Ltd	Consulting services & Capital raising fees	190,581	160,455
Mr Adrian Floate	Anthem Software Pty Ltd	IT services	126,924	-
	Appstablshment Software Group Pty Ltd	IT services	114,000	-
	Cirralto Business Services Ltd	IT services	(6,000)	
	Floating Assets Trust	Consulting fees	138,140	-

Sales to and purchases from related parties are made on an arm's length basis at normal market prices and on normal commercial terms. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

All intercompany transactions are eliminated on consolidation.

Parent entity

Motopia Limited is the ultimate parent entity.

During the year, the parent entity provided loan funds to its subsidiaries of $667,781 (2015: $375,965) which consisted of net cash funding of $667,781 (2015: $375,965). These loans carry no interest charge and have no set date for repayment.

Subsidiaries & Associates

Interests in subsidiaries and associates are set out in note 12 and 13.

Note 20 Key Management Personnel Disclosures

Compensation

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

	Consolidated	
	2016 $	2015 $
Short-term employee benefits:		
Cash salary, fees and short-term compensation absences	162,000	154,703
	162,000	**154,703**

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the Company, including their personally related parties, is set out below:

2016	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
Ordinary shares					
Directors:					
Mr Stephen Dale	150,000,000	-	-	-	150,000,000
Mr Marcus L'Estrange	397,322,011	-	100,120,297	-	497,442,308
Mr Adrian Floate	-	-	-	-	-
Mr Shaun Melville	397,322,011	-	100,120,297	-	497,442,308
Key Management Personnel:					
Mr Justyn Stedwell	-	-	-	-	-

Notes to the Consolidated Financial Statements (cont….)

Note 20 Key Management Personnel Disclosures (cont….)

2015 **Ordinary shares**	Balance at the start of the year	Received as part of remuneration	Additions	Disposals /other	Balance at the end of the year
Directors:					
Mr Stephen Dale	250,000,000	-	-	(100,000,000)	150,000,000
Mr Gernot Abl (resigned 23/6/15)	17,050,000	-	-	-	17,050,000
Mr Lindsay Brown (resigned 15/8/14)	23,450,000	-	-	-	23,450,000
Mr Robert Parton (resign 15/6/15)	15,000,000	-	-	(10,000,000)	5,000,000
Mr Marcus L'Estrange (appointed 12/11/14)	-	-	397,322,011	-	397,322,011
Mr Adrian Floate (appointed 16/6/15)	-	-	-	-	-
Mr Shaun Melville (appointed 29/6/15)	-	-	397,322,011	-	397,322,011
Key Management Personnel:					
Mr Justyn Stedwell	-	-	-	-	-

Option holding

No options over ordinary shares in the parent entity are held during the financial year by any director and other members of key management personnel of the Company, including their personal related parties.

There were no options granted, exercised or shares issued to directors during the 2016 financial year.

Note 21 Cash Flow Information

	Consolidated	
	2016 $	2015 $
Reconciliation of Cash Flow from Operations with Loss After Income Tax		
Loss after Income Tax	(1,773,798)	(744,568)
Cash flows excluded from loss attributable to operating activities		
Non-cash Flows in Loss		
Depreciation & Impairment charges	737,817	144,563
Interest free loan discount	-	(59,866)
Write off of sundry debtors	-	(8,847)
Revaluation of investment in CU2T	-	(3,439)
Share of loss from associate	-	75,708
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	3,790	(11,691)
(Increase)/decrease other current assets	1,375	(12,984)
Increase/(decrease) in trade payables and accruals	161,327	30,957
Cash used in operations	(869,489)	(590,167)

Notes to the Consolidated Financial Statements (cont….)

Note 22 Parent entity information

As at and throughout, the financial year ended 30 June 2016, the parent company of the consolidated entity was Motopia Limited. The results and financial position of the parent entity are detailed below:

Statement of Profit or Loss and Other Comprehensive Income	2016 $	2015 $
Loss after income tax	1,826,423	846,125
Total comprehensive income	1,826,423	846,125

Statement of financial position	2016 $	2015 $
Current assets	127,145	364,218
Non-current assets	2,850	438,082
Total assets	**129,995**	**802,300**
Current liabilities	287,057	129,804
Non-current liabilities	-	77,459
Total liabilities	**287,057**	**207,263**
Net Assets	**(157,062)**	**595,037**
Equity		
Contributed equity	45,147,042	44,072,718
Reserves	-	-
Accumulated losses	(45,304,104)	(43,477,681)
Total equity	**(157,062)**	**595,037**

Contingencies and commitments

Refer to Note 24 for parent entity contingencies and commitments

Note 23 Events occurring after the reporting date

No significant events have occurred since the end of the reporting period.

Note 24 Contingent Liability

The Board of Motopia Limited has received a legal claim (Claim) filed in the County Court of Victoria from GWT Systems Pty Ltd against the Company seeking an estimated compensation of $378,000 in relation to alleged funds payable by the Company. The matter has yet to be settled and the proceeding has been listed for trial in September 2016.

DIRECTORS' DECLARATION

The directors of Motopia Limited declare that:

(a) in the directors' opinion the financial statements and notes and the Remuneration Report in the Directors' Report set out on pages 18 to 44 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and Corporations Regulations 2001 and other mandatory financial reporting requirements; and

(b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 2(a); and

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

The directors have been given the declarations required by Section 295A of the Corporations Act 2001.

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

Dated in Melbourne on 30 September 2016

M. L'Estrange

Marcus L'Estrange
Chairman

Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Level 14, 140 William St
Melbourne VIC 3000
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Motopia Limited

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on 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 about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2(b) in the financial report, which indicates the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. This condition, along with other matters as set out in Note 2(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

BDO East Coast Partnership

Simon Scalzo
Partner

Melbourne, 30 September 2016

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information required by Australian Stock Exchange Limited and not shown elsewhere in the Annual Report is as follows. The information is at 13 September 2016.

Number of Holders of Equity Securities

6,535,843,371 fully paid ordinary shares are held by 1,473 individual shareholders. All ordinary shares carry one vote per share.

Unlisted Options

There are no options on issue

Distribution of Shareholders	Ordinary Shares
Category (size of holding)	
1 – 1,000	16
1,001 – 5,000	57
5,001 – 10,000	153
10,001 – 100,000	511
100,001 – and over	736
	1,473

Unmarketable parcels: 919

Shareholder Information

20 Largest Shareholders – Ordinary Shares

Rank	Name	Units	% of Units
1.	RAPTOR GLOBAL CORPORATION LTD	497,442,308	7.61
2.	KOOPENATOR PTY LTD <SUPERSKOOP SMSF A/C>	259,821,429	3.98
3.	MR MARK ANDREW LINNEY <M A LINNEY FAMILY A/C>	228,095,901	3.49
4.	YAMBALI PTY LTD <YAMBALI P/L SUPER FUND A/C>	185,739,315	2.84
5.	OPUS2 PTY LTD <JF & DE YOUNG SUPER FUND A/C>	168,656,250	2.58
6.	ANDREW MURRAY GREGOR	156,500,000	2.39
7.	MR JAKOB DANIEL LE ROUX + MS HALINA ESTELLA SELWYN-CROSS	137,450,933	2.10
8.	YAMBALI PTY LTD <LAURIE ZEAITER A/C>	134,485,000	2.06
9.	ROGUE INVESTMENTS PTY LTD	120,000,000	1.84
10.	DR STEVEN HOWARD TRACY	120,000,000	1.84
11.	HUMEDALE PTY LTD <DALE FAMILY A/C>	110,000,000	1.68
12.	LJR CONSTRUCTIONS PTY LTD	106,806,325	1.63
13.	GOLDFIRE ENTERPRISES PTY LTD	105,586,557	1.62
14.	SABBATICAL HOUSE PTY LTD <SELWYN-CROSS/LEROUX S/F A/C>	95,423,076	1.46
15.	JESOON PTY LTD <TRACY SUPER FUND A/C>	80,000,000	1.22
16.	PJM WHOLESALE PTY LTD	76,644,691	1.17
17.	AUSTRALIAN TRADE ACCESS PTY LTD <ATA SUPERANNUATION FUND A/C>	75,000,000	1.15
18.	MINSK PTY LTD	74,035,714	1.13
19.	CHELAISE PTY LTD <THE HONEYBUNCH A/C>	69,711,538	1.07
20.	HIKBAR PTY LTD	66,666,667	1.02
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**2,868,065,704**	**43.88**
Total Remaining Holders Balance		**3,667,777,667**	**56.12**

Unquoted Equity Securities Holdings Greater than 20 per cent

N/A

Substantial Shareholders

Substantial shareholders in the company are set out below:

	Name	Number Held	% of total shares issued
1.	RAPTOR GLOBAL CORPORATION LTD	497,442,308	7.61

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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

There are no other classes of equity securities.

Shareholder Enquiries

Shareholders with enquiries about their shareholdings should contact the share registry:

Computershare Investor Services Pty Ltd
Yarra Falls
452 Johnston Street
Abbotsford, VIC 3067
Telephone: 1300 364 826 (within Australia)
+61 3 9415 4610 (outside Australia)
www.computershare.com.au

For change of address, change of name, consolidation of shareholdings, shareholders should contact the Share registry to obtain details of the procedure required for any of these changes.