Clarity OSS Limited

Appendix 4E
Final Report

Name of Entity	**CLARITY OSS LIMITED**
ACN	**057 345 785**
Financial Year Ended	**30 June 2016**
Previous Corresponding Reporting Period	**6 July 2015**

Results for Announcement to the Market

				$
Revenues from operations	Down	100%	to	0
Profit from operations after income tax attributable to members	Down	23%	to	1,452,422
Net profit for the period attributable to members	Down	23%	to	1,452,422

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	

As previously reported, after a period of voluntary administration, a deed of company arrangement was effectuated on 6 July 2015 and the administrator returned control of the Company to the directors on 9 July 2015. The securities of the Company continued to be suspended from quotation on the ASX during this time and to date. The current period saw no trading with the reported profit attributable to the write back of liabilities due to restructuring of $2.7m. This gain is attributed to the Australian entity Clarity Group Holdings Pty Ltd, which was deregistered in August 2015. As reported at the FY15 AGM held on 31 March 2016, the directors continue to investigate and seek further advice as to the possible future outcomes for the Company and the CPS Group continue to fund the associated costs in the interim.

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security.	(3.17)¢	(3.50)¢

Other Significant Information

Refer to financial statements presented as part of the 2016 Annual Report (attached).

Commentary on the Results for the Period

The earnings per security and the nature of any dilution aspects:

Refer to Note 14 in the 2016 Annual Report.

Returns to shareholders including distributions and buy backs:

None.

Significant features of operating performance:

For full details please refer to the 2016 Annual Report.

The results of segments that are significant to an understanding of the business as a whole:

Refer to Note 20 in the 2016 Annual Report.

Discussion of trends in performance:

N/A

Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:

Refer to the 2016 Annual Report.

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	X	The accounts have been subject to review	
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: N/A			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: N/A			

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	2016 Annual Report

Signed By (Director/~~Company Secretary~~)	
Print Name	Ian Campbell
Date	30 September 2016

Clarity OSS Limited

ANNUAL REPORT
30 June 2016

CLARITY OSS LIMITED
(A public company which is a disclosing entity)

ABN 87 057 345 785

LEVEL 8, 35 CLARENCE STREET
SYDNEY NSW 2060

Contents

This Annual Report covers the consolidated entity consisting of Clarity OSS Limited and its controlled entities. Clarity OSS Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is: Level 8, 35 Clarence Street, Sydney, NSW, 2000.

Corporate Directory

Directors

Dr I Campbell – Non-Executive Chairman

Mr I Lancaster – Independent Non-Executive Director

Mr A Wrigglesworth - Chief Financial Officer and Company Secretary

Registered Office and Principal Place of Business

Level 8

35 Clarence Street

Sydney NSW 2000

Clarity OSS Limited is a company incorporated in Australia

Share Registry

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street

Sydney NSW 2000

Auditors

BDO East Coast Partnership

Level 11, 1 Margaret Street

Sydney NSW 2000

Lawyers

Henry Davis York

44 Martin Place

Sydney NSW 2000

Bankers

ANZ

20 Martin Place

Sydney NSW 2000

Stock Exchange Listing

Clarity OSS Limited shares are quoted on the Australian Securities Exchange but are currently suspended.

ASX: CYO

Clarity Overview

Clarity OSS Limited ("Clarity OSS" or the "Company") and its controlled entities ("Clarity" or the "Group") is a publicly listed Australian corporation.

Clarity OSS was previously known as Powerlan Limited and listed on the Australian Stock Exchange ("ASX") with the stock code PWR. The change of name was certified by the Australian Securities and Investments Commission on 6 January 2012 with a new stock code, CYO, subsequently being authorised by the ASX.

On 24 June 2014, Clarity OSS announced that its secured creditor, CPS Group Investments Pty Ltd ("CPS") and a subsidiary of the Company, had entered into an agreement to sell most of the Clarity Group's assets to the Australian subsidiary of a US quoted corporation ("Buyer").

As disclosed in the Company's Appendix 4D Report for the half year ended 31 December 2013, the Company incurred a net loss for that period of $4.9 million. In the notes to the Interim Financial Report (Note 1(a)), the Company advised that Dr. Ian Campbell, who, through his company CPS had been financially supporting the Company through a sustained period of losses, had informed the Board that CPS might not be able to provide all the funding that might be necessary to enable the Company to continue as a going concern. CPS had already provided funding that had culminated in a debt of about $26 million owed by the Company. It was noted in the notes to the Report that, in order to further support the Company through its difficulties, CPS had forgiven $14.5 million of its debt, leaving a balance owed of $12.6 million. Subsequently, Dr. Campbell provided further support to the Company by advancing further funds and by paying out the debt owed to Partners for Growth III, L.P.

Despite Dr. Campbell's ongoing support, the Company continued to suffer financial difficulties to the extent that, with CPS and Dr. Campbell no longer having the capacity to support the Company, the appointment of an administrator or liquidator became a real possibility.

During the preceding months, Clarity had been negotiating with several potential purchasers of its assets, which negotiations culminated in an offer by the Buyer. On 23 June 2014, the Company received a letter from Dr. Campbell in which he indicated CPS's intentions to sell the assets - the subject of its securities - to the Buyer. Dr. Campbell pointed out that this was the best offer the Company had received after many months of offering the assets to the market and that if it were not accepted and if the sale were not completed within a very short time frame, the Company would be likely to be placed in liquidation. The directors resolved that the relevant Company subsidiary should join CPS in the Sale by agreeing to sell to the Buyer the Company's assets, which were not the subject of any security. The only assets that were not subject to the CPS security were certain contracts with an Indonesian customer, the net value of which contracts was estimated to be $50,000 after allowing for the costs of completing the contracts. Dr. Campbell did not participate in the discussion or vote on this resolution.

Certain assets relating to certain operations in regions where the Buyer did not propose to carry on business were not included in the sale and these assets were subsequently sold by CPS to the Australian subsidiary of an Iranian based company for a net amount of $1 million.

On 4 July 2014, Clarity OSS announced that the directors had resolved to place the Company in voluntary administration and to appoint Tim Heesh of TPH Insolvency as the administrator. The securities of Clarity OSS were suspended from quotation by the ASX immediately following this announcement. On 14 October 2014, the creditors resolved pursuant to section 439C(a) of the Corporations Act 2001, that the Company execute a deed of company arrangement ("DOCA") including a Deed Fund providing about 5 cents in the dollar to be advanced by CPS in respect of all known claims of unsecured creditors. CPS's security interest was unaffected in the DOCA and the full amount of monies owed to CPS remain outstanding and subject to CPS's security. The DOCA was subsequently effectuated on 6 July 2015 and the administrator returned control of the Company to the directors on 9 July 2015.

A board meeting was held on 17 July 2015 when the directors decided that further advice and investigation were required as to the possible future options for the Company. The Chairman, Dr. Ian Campbell informed the Board that CPS would continue to provide those funds necessary to enable the undertaking of the investigations and the obtaining of the desired advice. At the Annual General Meeting held on 31 March 2016 for the year ended 6 July 2015, the Company advised that these investigations are on-going and will report back to shareholders in due course.

As part of the restructure of the Company and as reported in the FY15 Annual Report, the de-registration of Clarity Group Holdings Pty Limited ("CGH") on 30 August 2015 meant that the Company has lost control of CGH and its

Clarity Overview (continued)

direct subsidiaries resulting in a material reduction in liabilities including a write back of $2.7m which has contributed - despite on-going operational costs - to a reported profit of $1.5m for the year.

Directors' Report

Your Directors present this report together with the financial statements of Clarity OSS and its controlled entities for the financial year ended 30 June 2016. The corresponding comparative period is the year ended 6 July 2015.

Current Directors

The Directors of Clarity OSS in office at any time during or since the end of the financial year are as follows (Directors were in office since the start of the financial year and at the date of this report unless otherwise stated):

Ian Campbell - Non-Executive Chairman

Dr Campbell holds a PhD in Electrical Engineering from the University of New South Wales and has over 40 years' experience in software and electronic commerce. Dr Campbell co-founded the privately owned CPS Group in 1970, and has been the Chairman and Managing Director of the CPS Group since 1990. The CPS Group is currently the major shareholder in Clarity OSS. Dr Campbell has been a Director since 28 November 2005.

Ian Lancaster - Independent Non-Executive Director

Mr Lancaster holds a BA (Major in Accounting and Financial Studies) from Macquarie University and has been a CPA since 1985. During his career Mr Lancaster has held various senior executive positions including Vice President Accounting and Finance of the Grundy Organisation and Network Financial Controller for The Seven Network. He has a keen appreciation for the challenges of developing a strong commercial environment, having himself built a successful general insurance brokerage firm. Mr Lancaster brings to the Board a unique combination of accounting and business experiences. Mr Lancaster has been a Director since 28 November 2005 and chairs the Audit Committee and is a member of the Remuneration Committee.

Andrew Wrigglesworth - Chief Financial Officer and Company Secretary (appointed 17 July 2015)

Mr Wrigglesworth's experience includes senior finance and general management roles, working for global telecommunications organisations including Energis, Cable & Wireless, Vanco and Reliance Globalcom. During his tenures he coordinated the general management of a joint venture between Cable & Wireless and France Telecom in the Pacific region and managed global international finance, commercial and legal teams throughout Europe and Asia-Pacific. Mr Wrigglesworth joined Clarity OSS in March 2010 and in his capacity as the Chief Financial Officer was responsible for managing Finance, Human Resources, IT, Legal & Administration. He has a degree in Politics & Economics from Loughborough University in the United Kingdom and is a member of the Chartered Institute of Management Accountants.

Directors previously in office during the period

Fiona McLeod - Independent Non-Executive Director (Resigned 17 July 2015)

Directorships of Other Listed Companies

Other than Dr Ian Campbell no director held directorships in other listed companies in the three years immediately preceding 6 July 2015.

Dr Ian Campbell resigned as a Director of AnaeCo Limited on 22 May 2014 (ASX code: ANQ). He had been a director since 13 May 2009.

Principal Activities

The principal activities of Clarity Group until 3 July 2014 were the provision of software solutions and related services that enable customers to achieve productivity gains by leveraging Clarity's unique intellectual property. The Company has not been trading since that date.

Review of Operations

Refer to Clarity Overview.

Financial Position

Revenue from operations for the financial year ended 30 June 2016 was $nil million (2015: $0.04 million).

The associated profit for the year after income tax expense was $1.5 million (2015: profit of $1.9 million). This was due to the write back of liabilities during restructuring activities.

Dependence on funding from CPS

The Company was dependent on a credit facility from CPS, which owns 47.63% of the share capital in Clarity OSS. Details of the funding facility can be found in Note 16. The Company continues to rely on funding by CPS.

A board meeting was held on 17 July 2015 when the directors decided that further advice and investigation were required as to the possible future options for the Company. The Chairman, Dr. Ian Campbell, informed the Board that CPS would continue to provide those funds necessary to enable the undertaking of the investigations and the obtaining of the desired advice and to maintain the listing of the Company on the ASX in the interim. Those investigations continue as at the date of this report.

Dividends

No dividends have been declared or paid since the start of the year and the directors do not recommend the payment of a final dividend for the year ended 30 June 2016 (2015: $nil).

Employees

Clarity had 1 employee at 30 June 2016 (2015: 1).

Significant Changes in State of Affairs

Refer to Clarity Overview.

Matters Subsequent to the End of the Financial Year

Refer to Note 18.

Likely Developments and Future Results

Refer to Clarity Overview.

Environmental Issues

Clarity is not subject to any significant environmental regulations under the laws of the Commonwealth and State.

Directors' Report (continued)

Remuneration Report (Audited)

The information provided in this remuneration report has been audited as required by Section 308 (3C) of the *Corporations Act* 2001.

The following were key management personnel ("KMP") of Clarity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period.

Non-Executive Directors

Dr I Campbell, Executive Chairman

Independent Non-Executive Directors

Mr I Lancaster

Ms F McLeod (resigned 17 July 2015)

Executive Directors

Mr A Wrigglesworth – Chief Financial Officer and Company Secretary (appointed 17 July 2015)

This report details the nature and amount of remuneration for each key management person of Clarity and for the executives receiving the highest remuneration.

The Company's constitution requires that one third of the Company's Directors retire by rotation at each annual general meeting.

Remuneration Policy

Remuneration of senior executives of Clarity is based on normal commercial rates for similar levels of responsibility and incorporates both fixed and variable remuneration. Variable remuneration is directly related to an individual's achievement of pre-agreed performance indicators as well as the Company's overall performance.

All senior executives receive a base package that includes a base salary and superannuation guarantee contributions for those based in Australia. The split of the base package can be amended to take advantage of salary packaging opportunities as long as the total employment cost to the Company does not exceed the agreed base package, there are no additional tax liabilities and complies with the local tax authority guidelines.

All remuneration paid to directors and other senior executives is valued at the cost to Clarity and expensed.

The Board's policy is to remunerate non-executive directors at market rates for their time, commitment and responsibilities having regard to industry practice and the need to obtain appropriately qualified directors. Directors' fees have not increased since 2005 and none were paid during the year ended 30 June 2016. The maximum aggregate amount of directors' fees that can be paid to a non-executive director is limited by the Company's Constitution to $500,000 and can only change subject to approval by shareholders at a General Meeting. Fees for non-executives are not linked to the performance of Clarity. However, to align the directors' interests with those of other shareholders, the directors are encouraged to hold shares in the Company.

Performance-based Remuneration

Prior to the company going into administration on 4 July 2014, as part of each senior executive's remuneration package there was a performance based component relating to key performance indicators ("KPIs"). The KPIs are set annually and are specifically tailored to the areas each executive is involved in and has a level of control over. These KPIs are based predominately on financial performance. Performance of the senior executives against these agreed KPIs is assessed annually.

Company Performance, Shareholder Wealth and Director and Executive Remuneration

The remuneration policy has been tailored to align the senior executive's interests with shareholder interests. Two of the major KPIs for the senior executives are revenue growth and profitability. The Board considers these to be fundamental to creating shareholder wealth.

$'000	2012	2013	2014	2015	2016
Company Performance					
Profit/(loss) after tax	2,339	(3,797)	(1,905)	1,886	1,452
EPS in cents	0.67	(1.09)	(0.55)	0.54	0.42
Share price at 30 June (cents)	3.3	3.3	0.0	0.0	0.0
Director and executive remuneration	3,127	1,893	1,418	279	295

Directors' and KMP Remuneration – Details of remuneration for the year ended 30 June 2016

	Primary Benefits			Post-employment	Other	Total	Performance Related %
	Cash salary and fees ($)	Short term cash bonus ($)	Non-monetary ($)	Super-annuation ($)	($)	($)	
Non–Executive Directors							
I Campbell	-	-	-	-	-	-	-
I Lancaster	-	-	-	-	-	-	-
F McLeod (i)	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Executive Directors							
A Wrigglesworth	286,125	-	9,119	-	-	295,244	-
Total KMP	**286,125**	**-**	**9,119**	**-**	**-**	**295,244**	**-**

(i) Mrs McLeod resigned as a director on 17 July 2015

Directors’ Report (continued)

Remuneration Report (Audited) (continued)

Directors’ and KMP Remuneration - Details of remuneration for the year ended 6 July 2015

	Primary Benefits			Post-employment	Other	Total	Performance Related %
	Cash salary and fees ($)	Short term cash bonus ($)	Non-monetary ($)	Super-annuation ($)	($)	($)	
Non–Executive Directors							
I Campbell	-	-	-	-	-	-	-
I Lancaster	-	-	-	-	-	-	-
F McLeod	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Executive Directors							
A Wrigglesworth	272,500	-	6,514	-	-	279,014	-
Total KMP	**272,500**	**-**	**6,514**	**-**	**-**	**279,014**	**-**

Employment Contracts

Remuneration for executives were formalised in employment contracts. In the event of contract termination by the Company, Clarity OSS was required to provide six months’ notice of termination or payment in lieu of actual notice. The only continuing executive employee is Andrew Wrigglesworth who has a six month notice period.

This concludes the remuneration report, which has been audited.

Equity Instrument Disclosures Relating to Directors and Executives

Option Holders

There are no options outstanding for directors or executives.

Directors' Report (continued)

Shareholdings

The number of ordinary shares in Clarity OSS held during the year by each director and each of the executives of Clarity OSS, including their personally-related entities are set out below.

	Balance at start of the year 06-Jul-15	Received during year on the exercise of options	Other changes during the year	Balance at end of the year 30-Jun-16
Directors				
Dr I Campbell	166,105,120	-	-	166,105,120
Mr I Lancaster	7,156,000	-	-	7,156,000
Ms F McLeod	190,400	-	-	190,400
Mr A Wrigglesworth	-	-	-	-
Total	**173,451,520**	**-**	**-**	**173,451,520**

Directors' Interests in Shares or Options

The relevant interest of each director in the shares and options issued by Clarity OSS, as notified by the directors to the Australian Stock Exchange in accordance with S205G(1) of the *Corporations Act* 2001, at the date of this report is as follows:

Clarity OSS Limited	Ordinary shares	Options
Dr I Campbell	166,105,120	-
Mr I Lancaster (i)	7,156,000	-
Ms F McLeod	190,400	-
Mr A Wrigglesworth	-	-
Total	**173,451,520**	**-**

(i) Mr Lancaster's interest in Clarity OSS shares is that of a contingent beneficiary dependent upon Nilozan Pty Ltd.'s exercise of its discretion.

Director's Interests in Contracts

Director's interests in contracts are disclosed in Note 13 to the financial statements.

Indemnification and insurance of officers

Clarity OSS has not indemnified or agreed to indemnify the auditor of the Company or any related body corporate against a liability incurred by the auditor.

Directors' Report (continued)

Options

No options were granted by Clarity OSS to the directors or the executives during the financial year ended 30 June 2016, or since that date.

Proceedings on Behalf of Company

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

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

Non-audit Services

The details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 3(c) to the financial statements.

The directors are satisfied that the provision of non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act* 2001. The nature and scope of each type of non-audit service provided by BDO East Coast Partnership means that the auditor's independence requirement under the *Corporations Act* 2001 was not compromised, for the following reasons:

- all non-audit services have been received and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for the Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditors own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

The auditor's independence declaration in relation to the audit for the financial year is provided on page 10 of this report as required under Section 307C of the *Corporations Act* 2001.

Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the *Corporations Act* 2001.

Dated at Sydney on this 30th day of September 2016.

Signed in accordance with a resolution of the directors.

Dr I Campbell	**Mr A Wrigglesworth**
Chairman	Company Secretary

Auditor's Independence Declaration

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000

Australia

DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF CLARITY OSS LIMITED

As lead auditor of Clarity OSS 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 Clarity OSS Limited and the entities it controlled during the year.

John Bresolin
Partner

BDO East Coast Partnership

Sydney, 30 September 2016

Corporate Governance Statement

A description of Clarity's main corporate governance practices is set out below. These practices, unless otherwise stated, were in place for the entire year though the company has not traded since 3 July 2014 and currently has a single employee. Save as otherwise stated, these practices comply with the ASX Corporate Governance Principles and Recommendations.

Principle 1 - Lay Solid Foundations for Management and Oversight

The directors have responsibility for the overall corporate governance of Clarity OSS and its business units and for protecting the rights and interests of the shareholders.

Primary responsibilities of the Board include:

- the establishment of long-term goals and strategic plans for Clarity to achieve those goals;
- the review and adoption of annual budgets for the financial performance of Clarity and monitoring of the results against those budgets;
- the approval of the annual and half-yearly financial statements; and
- ensuring Clarity has adequate internal control procedures together with appropriate monitoring of compliance activities.

The performance of senior executives is evaluated annually and submitted to the Remuneration Committee for review of performance against agreed KPIs. This process was conducted during the current reporting period. A Board Charter is available upon request.

Day to day management of Clarity's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated to the chief executive officer and senior executives.

Principle 2 - Structure the Board to Add Value

The composition of the Board is determined using the following guidelines:

- the Board should comprise between three and twelve directors, with a majority being independent non-executive members;
- the Chairman of the Board should be an independent non-executive director; and
- the roles of the Chairman of the Board and Chief Executive Officer should be exercised by different individuals.

Details of the members of the Board, their experience, expertise, independence, and term of office are set out in the Directors' Report. Members of the Board are able to take independent professional advice at the expense of the Company. The Board regularly reviews the mix of skills and experience of members of the Board and considers this to be sufficient to meet the requirements of the Company.

Clarity OSS complies with this Principle except for:

- the Chairman of the Board is not independent;
- The Board comprises the Chairman, one non-executive Directors and one executive Directors;
- the Board needs to establish a nomination committee or to define the nomination function as one which is part of normal Board business;
- disclosure of the process for evaluation of the Board, Committees and individual directors; and
- a Board performance evaluation has not taken place.

The size and nature of the business, combined with the ownership structure, do not justify complete compliance with this principle.

Corporate Governance Statement (continued)

Principle 3 – Act Ethically and Responsibly

All directors and officers of Clarity OSS are required to discharge their responsibilities ethically and with integrity. Clarity's code of conduct requires:

- conflicts of interest to be disclosed to the Board at the earliest possible opportunity;
- directors and executives to act in the best interests of Clarity;
- establishment of a policy concerning diversity;
- that all Company information be deemed confidential;
- Clarity to comply with all relevant laws and legislation;
- Group assets to be only used for legitimate business purposes; and
- unlawful and unethical behaviour to be reported to the Board, in confidence.

Clarity OSS promotes gender diversity.

Clarity OSS has a policy in place which defines permitted trading windows for directors, executives or their related entities in Clarity OSS securities. A summary of the Code of Conduct and Trading Policy are available on request.

Principle 4 - Safeguard Integrity in Corporate Reporting

The audit committee consist of only non-executive independent directors and is chaired by an independent chairman who is not the Chairman of the Board.

The responsibilities of the Audit Committee include:

- overseeing the existence and maintenance of internal controls and accounting systems;
- providing assurance regarding the quality and reliability of financial information prepared for use by the Board;
- to provide a recommendation to the Board on the annual and half yearly financial statements;
- defining appropriate accounting policies; and
- nominating external auditors and review external audit arrangements.

Clarity OSS complies with this principle, however the Audit Committee was suspended when directors resolved to place the Company in voluntary administration on 4 July 2014. An Audit Committee Charter is available upon request.

Principle 5 - Make Timely and Balanced Disclosure

The Company Secretary is the nominated ASX Communication Officer and is responsible for discharging the Company's continuous disclosure obligations in accordance with ASX Listing Rules and managing the disclosure of information to ASX, analysts, brokers, shareholders, the media and the public.

The Board is responsible for ASX compliance and reviews disclosure at each Board meeting.

Clarity OSS complies with this principle, except that a formal policy on continuous disclosure is not in place. The size of the business does not justify complete compliance with this principle.

Corporate Governance Statement (continued)

Principle 6 - Respect the Rights of Shareholders

Clarity OSS respects the rights of shareholders and provides information through:

- the Annual Report being made available to all shareholders through the Company website or through specific distribution, if requested;
- the half yearly financial statements;
- Company announcements made to the ASX;
- questions raised by shareholders are addressed by the Company Secretary; and
- other correspondence regarding matters impacting shareholders as required.

Clarity OSS complies with this principle except that a formal communication policy in not in place. The size and nature of the business do not justify complete compliance with this principle.

Principle 7 - Recognise and Manage Risk

The ultimate responsibility for risk management and oversight rests with the Board. The Company has identified key risks within the business. In the ordinary course of business, management monitors and manages these risks.

Directors receive regular reports from management on areas of material financial and non-financial business risk and on the continued management of those risks. This reporting process has been in place throughout the reporting period.

The Board has received formal assurance from the Chief Executive Officer and Chief Financial Officer that the declaration provided in accordance with Section 295A of the *Corporations Act* 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to financial reporting risks during the approval process for this Annual Report.

The size of the business does not justify complete compliance with the principle.

Principle 8 – Remunerate Fairly and Responsibly

The Board has established a remuneration committee. The remuneration committee consists of only non-executive directors and is chaired by an independent chairman who is not Chairman of the Board.

Clarity OSS complies with this principle except:

- that a formal charter is not in place together with a policy for distinguishing the structure of non-executive directors' remuneration from that of executive directors and senior executives;
- there are only two members of the remuneration committee; and
- The committee was suspended when directors resolved to place the Company in voluntary administration on 4 July 2014.

The size of the business does not justify complete compliance with the principle.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016	Note	2016 $	Restated 2015 $
Discontinued Operations			
Revenue from operating activities	2(a)	-	44,280
Other income	2(b)	3,059,839	4,274,892
Operating expenses	3(a)	(424,883)	(1,413,776)
Finance costs	3(b)	(1,182,534)	(1,019,471)
Profit from discontinued operations		**1,452,422**	**1,885,925**
Income tax expense		-	-
Profit from discontinued operations after income tax expense		**1,452,422**	**1,885,925**
Items that may be subsequently reclassified to profit or loss			
De-recognition of foreign currency reserves		(322,278)	-
Other comprehensive income for the year, net of tax		**(322,278)**	**-**
Total comprehensive income for the year		**1,130,144**	**1,885,925**
Profit attributable to:			
Members of the parent entity		1,452,422	1,885,925
Profit for the year		**1,452,422**	**1,885,925**
		Cents	Cents
Earnings per share for profit from discontinuing operations			
Basic and diluted earnings per share	14	0.42	0.54

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2016	Note	2016 $	Restated 2015 $
Current Assets			
Cash and cash equivalents	21	32,044	-
Trade and other receivables	6	-	36,845
Total Current Assets		**32,044**	**36,845**
Non-Current Assets			
Total Non-Current Assets		**-**	**-**
Total Assets		**32,044**	**36,845**
Current Liabilities			
Trade and other payables	7	51,826	3,124,293
Short term provisions	8	47,337	37,857
Financial liabilities	9	11,004,307	9,076,265
Total Current Liabilities		**11,103,470**	**12,238,415**
Non-Current Liabilities			
Total Non-Current Liabilities		**-**	**-**
Total Liabilities		**11,103,470**	**12,238,415**
Net Liabilities		**(11,071,426)**	**(12,201,570)**
Equity			
Issued capital	10	164,301,899	164,301,899
Reserves	1(q)	(1,519,701)	(1,197,423)
Accumulated losses		(173,853,624)	(175,306,046)
Total Equity/(Deficiency)		**(11,071,426)**	**(12,201,570)**

The consolidated statement of financial position is to 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 consolidated entity	Note	Issued Capital $	Foreign Currency Reserve $	Other Reserves $	Accumulated Losses $	Total $
Total comprehensive income for the year						
Balance at 3 July 2014		**164,301,899**	**322,278**	**(1,519,701)**	**(177,191,971)**	**(14,087,495)**
Profit attributable to members of the consolidated entity as reported in the 2015 financial statements		-	-	-	2,213,163	2,213,163
Restatement of comparatives	22	-	-	-	(327,238)	(327,238)
Other comprehensive income		-	-	-	-	-
Restated profit for the year		-	-	-	1,885,925	1,885,925
Total comprehensive income for the year		-	-	-	1,885,925	1,885,925
Restated Balance at 6 July 2015		**164,301,899**	**322,278**	**(1,519,701)**	**(175,306,046)**	**(12,201,570)**
Balance at 6 July 2015		**164,301,899**	**322,278**	**(1,519,701)**	**(175,306,046)**	**(12,201,570)**
Profit attributable to members of the consolidated entity		-	-	-	1,452,422	1,452,422
De-recognition of foreign currency reserves		-	(322,278)	-	-	(322,278)
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	(322,278)	-	1,452,422	1,130,144
Balance at 30 June 2016		**164,301,899**	**-**	**(1,519,701)**	**(173,853,624)**	**(11,071,426)**

This consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2016	Note	2016 $	2015 $
Discontinued Operations			
Cash flows from discontinued operations			
Receipts from customers (inclusive of GST)		-	44,280
Proceeds from mortgagee sale of assets		-	1,000,000
Payments to suppliers and employees (inclusive of GST)		(713,464)	(486,177)
Finance costs		-	-
Net cash inflow/(outflow) from operating activities	21	**(713,464)**	**558,103**
Cash flows from investing activities			
Net cash outflow from investing activities		**-**	**-**
Cash flows from financing activities			
Loan proceeds from financing parties		745,508	263,850
Loan repaid to financing parties		-	(1,000,000)
Net cash inflow/(outflow) from financing activities		**745,508**	**(736,150)**
Net Increase/(decrease) in cash and cash equivalents		**32,044**	**(178,047)**
Cash and cash equivalents at the beginning of the year		-	178,047
Cash and cash equivalents at the end of the year		**32,044**	**-**

This consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to and forming part of the Consolidated Financial Statements

For the year ended 30 June 2016

Note 1: Summary of Significant Accounting Policies

a) Introduction

The financial statements cover the consolidated entity of Clarity OSS Limited ("Clarity") and controlled entities (the "Group"). Clarity is a listed public company incorporated and domiciled in Australia. Shares were suspended from trading on 4 July 2014.

Operations and Principal Activities

The principal activities of Clarity until 3 July 2014 were the provision of software solutions and related services that enable customers to achieve productivity gains by leveraging Clarity's intellectual property. Clarity operated within the telecom industry segment. From 4 July 2014, these operations have been discontinued and Clarity has not actively traded since that date.

Scope of Financial Statements

The financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations, as issued by the Australian Accounting Standards Board and the *Corporations Act* 2001, as appropriate for profit oriented entities.

The financial statements of the Group also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

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

Currency

The financial statements are presented in Australian dollars. This is Clarity OSS Limited's functional and presentation currency.

Reporting Period

The financial statements are presented for the year ended 30 June 2016. The comparative reporting period is for the year ended 6 July 2015.

Registered Office

Level 8, 35 Clarence Street
Sydney, NSW 2000

Authorisation of Financial Statements

The financial statements were authorised for issue on 30 September 2016 by the Directors. The Company has the power to amend the financial statements.

The following is a summary of the material accounting policies adopted by Clarity in the preparation of the financial statements. These accounting policies have been consistently applied, unless otherwise stated.

The principal accounting policies adopted by Clarity, comprising of the parent entity Clarity OSS Limited and its controlled entities, are stated in order to assist in the general understanding of the financial statements.

b) Going concern

As at 30 June 2016, the Group has a net asset deficiency of $11.1m, with no current business to generate revenue. The Company is also dependent on a credit facility from CPS Group Investments Pty Ltd ("CPS"), which owns 47.63% of the share capital in Clarity. Details of the funding facility can be found in Note 16.

The ability of the Company to continue as a going concern is dependent upon continued financial support from CPS to facilitate obtaining and evaluating further advice and investigations as to the possible future options of the Company. The financial support from CPS includes ensuring the Company can pay its debts as they are incurred and become due and payable. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

After taking into account all of the available information, including the continued financial support from the Chairman of the Company and CPS, the directors have concluded that there are reasonable grounds to believe that the basis for the preparation of the financial statements on a going concern basis is appropriate.

Should the company 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) Significant Judgment and Key Assumptions

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

As the Group is currently not trading, there are no areas of the financial statements that have required judgement or estimates from the Directors.

d) Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognised on the Statement of Financial Position when Clarity becomes party to the contractual provisions of the financial instrument.

A financial asset is de-recognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by Clarity. A financial liability is de-recognised when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets comprise of trade and other receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortised cost using the effective interest method.

Investments in subsidiaries not included in the above categories are reflected at cost less any impairment of value.

Financial liabilities comprising trade and other payables, provisions and other borrowings are measured at amortised cost using the effective interest method. Trade accounts payable represent the principal amounts outstanding at the reporting date plus, where applicable, any accrued interest.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or inability to collect.

e) Consolidation Policy

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Clarity as at 30 June 2016 and the results of all subsidiaries for the year then ended.

The operating results of controlled entities are included from the date control is obtained and until the date control ceases. The effects of all transactions, including any unrealised profits or losses, between entities in Clarity have been eliminated on consolidation. Details of controlled entities are contained in Note 12 to the

e) Consolidation Policy (continued)

financial statements. Outside interest in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial statements.

The consolidated financial statements comprise the accounts of Clarity and all of its controlled entities. Control exists where Clarity has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Clarity to achieve the objectives of Clarity.

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

f) Revenue Recognition

Revenue represents the fair value of the consideration received or receivable from clients for goods and services provided by Clarity, net of discounts and taxes.

Revenue from Rendering of Services

Revenue received in relation to maintenance contracts is initially credited to unearned revenue and is then recognised on a straight line basis over the period of the contract.

Work in progress in relation to services rendered is recognised on the percentage of completion basis measured at cost plus profit recognised to date less provision for foreseeable losses. Where losses are anticipated they are provided for in full.

Interest Revenue

Interest revenue is recognised using the effective yield basis.

g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in Clarity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised on a straight-line basis over their estimated useful life of the asset where it is likely that Clarity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefits are diminished.

Lease incentives under operating leases will be recognised as liabilities. The incentives are recognised as a reduction of expenses on a straight line basis unless another systematic basis is more representative of the time pattern in which benefits are diminished.

h) Income Taxes

Income taxes are accounted for using the comprehensive liability method whereby:

- the tax consequences of recovering (settling) all assets/(liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that a future taxable profit will be available to realise the asset; and
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

h) Income Taxes (continued)

Tax Consolidation

Clarity and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Clarity OSS, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts and in addition to its own amounts also recognise the deferred tax assets arising from unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in Clarity.

Any difference between the amount assumed and the amounts receivable or payable under the tax funding agreement are recognised as a contribution to or distribution from the wholly owned tax consolidated entities.

i) Receivables

Trade accounts receivables and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, provision for doubtful accounts.

j) Borrowings

Loans and borrowings with no fixed repayment terms are measured at amortised cost. Borrowing costs are recognised as an expense in the financial statements in the period in which they are incurred.

k) Impairment of Assets

At each reporting date, Management reviews the carrying values of its intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and its value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

Impairment testing is performed at the reporting date for intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, Clarity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

l) Non-Current Assets or Disposal Groups Classified as Held for Sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

l) Non-Current Assets or Disposal Groups Classified as Held for Sale (continued)

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

m) Investments and Other Financial Assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows for the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

n) Contingent Liabilities

A contingent loss is recognised as an expense and a liability if it is probable that future events will confirm that, after taking into account any related probable recovery, an asset has been impaired or a liability incurred and, a reasonable estimate of the amount of the resulting loss can be made.

o) Short-Term Employee Benefits

Short-term employee benefits are employee benefits (other than termination benefits and equity compensation benefits), which fall due within 12 months after the end of the year in which employee services are rendered. They comprise wages, salaries, social security obligations, short-term compensation absences, profit sharing and bonuses payable within 12 months and non-mandatory benefits such as medical care, housing, car and service goods.

The provision for employee benefits to wages, salaries and annual leave represents the amount that Clarity has a present obligation to pay resulting from employee services provided up to the reporting date. The provision has been calculated after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures and includes related on-costs.

The undiscounted amount of short-term benefits expected to be paid is recognised as an expense.

p) Long-Term Employee Benefits

Long-term employee benefits include long-service leave, long-term disability benefits, deferred compensation and profit sharing and bonuses payable 12 months or more after the end of the year in which employee services are rendered.

These benefits are measured as the present value of the estimated future cash outflows to be made by Clarity in respect of services provided by employees to reporting date. These cash flows are discounted using market yields on national government bonds with terms to maturity that match expected timings of cash flows.

q) Reserves

Foreign Currency Reserve

The foreign currency reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

q) Reserves (continued)

Other Reserves

The $1.5 million of other reserves is a consequence of the consolidated entity acquiring the 49% minority interest in Clarity OSS (UK) Limited (previously Omnix Holdings Ltd (“Omnix”)) on 26 October 2009. In accordance with AASB 127, *Consolidated and Separate Financial Statements* (operative from 1 July 2009), the consolidated entity retained control of Clarity OSS (UK) Limited until the deregistration of its parent company Clarity Group Holdings Pty Limited, on 30th August 2015 and has therefore accounted for the increase in ownership from 51% to 100% as an equity transaction.

r) Matters Subsequent to the End of the Financial Year

Assets and liabilities are adjusted for events occurring after the reporting date that provide evidence of conditions existing at the reporting date. Important events after the reporting date, which do not meet these criteria, are disclosed in Note 18.

s) Cash and Cash Equivalents

Cash and cash equivalents comprise:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts;
- investments in money market instruments maturing within three months; and
- cash in transit.

t) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, then it is recognised as part of the cost of acquisition of an asset or part of an item of expense. Receivables and payables are recognised inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

u) Foreign Currency Transactions, Balances and Translations

Foreign currency transactions occurring during the year are converted to Australian currency using the spot rate at the date of the transactions. Foreign currency monetary items outstanding at the reporting date are translated at the spot rate at the reporting date. Exchange differences are recognised as revenues or expenses in the statement of profit or loss and other comprehensive income in the period in which exchange rates change, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Transaction differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss and are included in the fair value reserve in equity.

The results and financial position of all Clarity entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

u) Foreign Currency Transaction, Balance and Translations (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

v) Superannuation

Contributions are made by Clarity to employee superannuation funds, which provide accumulated benefits to employees. Contributions are paid monthly and charged as an expense when incurred.

w) Parent Entity Information

In accordance with the *Corporations Act* 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 19.

x) Adoption of New and Revised Accounting Standards

The consolidated entity 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 consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

y) New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

y) New Accounting Standards for Application in Future Periods (continued)

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. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

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 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group’s financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 may impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to and forming part of the Consolidated Financial Statements

Note 2: Revenue

For the year ended 30 June 2016	Consolidated 2016 $	Consolidated 2015 $
(a) Revenue from discontinued operations		
Services revenue	-	44,280
Total revenue	**-**	**44,280**
(b) Other income		
Interest received	351	-
De-recognition of foreign currency translation reserve	322,278	-
Gain on transfer to creditor trust	-	4,274,892
Gain due to restructure	2,737,210	-
Total other income	**3,059,839**	**4,274,892**

Gain due to restructure

As part of the restructure of the Company and as reported in the FY15 Annual Report, the de-registration of Clarity Group Holdings Pty Limited ("CGH") on 30 August 2015 meant that the Company has lost control of CGH and its direct subsidiaries resulting in a material reduction in liabilities including a write back of approximately $2.7m. In the corresponding year, the voluntary winding up of various Clarity Australian entities resulted in an associated write back of liabilities of approximately $4.3m.

De-recognition of foreign currency reserve

Following the de-registration of Clarity Group Holdings Pty Ltd on 30 August 2015 and the associated reduction in liabilities largely attributed to foreign entities there was an associated de-recognition in the foreign currency translation reserve of $322,278.

Notes to and forming part of the Consolidated Financial Statements

Note 3: Operating Expenses

For the year ended 30 June 2016	Consolidated 2016 $	Consolidated 2015 $
Profit for the year is stated after charging the following items		
(a) Expenses, excluding finance costs		
Employee benefit expenses	295,245	353,163
Travel expenses	4,203	-
Operating lease - minimum lease payments	-	453,445
Professional fees	93,863	206,915
Communication expenses	779	-
Unrealised foreign exchange loss	-	400,253
Other expenses	30,793	-
Total expenses, excluding finance costs	**424,883**	**1,413,776**
(b) Finance costs		
Finance cost includes:		
CPS loan interest expense	1,182,534	1,019,471
Total finance costs	**1,182,534**	**1,019,471**
(c) Auditor's remuneration		
Remuneration of the auditor for:		
- audit and review of the financial statements	24,350	23,000
- tax compliance & other services	-	38,828
	24,350	**61,828**

Note 4: Income Tax

For the year ended 30 June 2016	2016 $	Restated 2015 $
Income tax expense	**-**	**-**
Prima facie tax expense/(benefit) calculated at 30% (2015: 30%) on the profit from discontinued operations		
Tax at 30% (2015: 30%)	435,727	565,778
Add/(deduct) tax effect of :		
- non-assessable items	(821,163)	(1,282,468)
- non-deductible items	7,305	126,976
- tax losses not brought to account	378,131	589,714
Income tax expense	**-**	**-**

Potential future income tax benefits attributable to tax losses carried forward for Clarity, have not been brought to account because the directors do not believe it is appropriate to regard realisation of the future income tax benefit as probable. The benefit will only be obtained if:

- the group derives future assessable income of a nature and amount sufficient to enable the benefits from the deductions for the losses to be realised;
- the group continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the group in realising the benefit from the deductions for the losses.

Unused tax losses for the Australian tax consolidated group

Per the FY2013 income tax return, the Australian tax consolidated group had the following tax losses allowable:

- Revenue tax losses of $40,574,085 (tax effect at 30% $12,172,226).
- Capital tax losses of $26,191,485 (tax effect at 30% of $7,857,446).
- Research & Development non-refundable tax offsets of $5,459,658 (tax effect at 30% of $1.657,897)

Management are in the process of finalising the tax return for FY2014 and FY2015, hence the quantum and the extent of availability of unrecognised tax losses are unknown at the date of this report.

Note 5: Discontinued operations

Restructuring

Restructuring of all Australian entities continued with the de-registration and voluntary winding up of Clarity Group Holdings Pty Limited (“CGH”) on 30 August 2015. This meant that the Company lost control of CGH and its direct subsidiaries resulting in a material reduction in liabilities including a write back of $2.7m.

Notes to and forming part of the Consolidated Financial Statements

Note 6: Trade and other receivables

As at 30 June 2016	Consolidated 2016 $	Consolidated 2015 $
Current		
Other receivables	-	36,845
Total current trade and other receivables	**-**	**36,845**

Note 7: Trade and Other Payables

As at 30 June 2016	Consolidated 2016 $	Consolidated 2015 $
Current		
Trade payables	-	491,054
Accruals	14,345	23,000
Income tax payable – foreign entities	-	908,512
Other payables	37,481	1,701,727
Total current trade and other payables	**51,826**	**3,124,293**

Due to the deregistration of Clarity Group Holdings as at 30 August 2015, $2,737,210 of the amount disclosed above in FY15 was extinguished.

Note 8: Provisions

As at 30 June 2016	Consolidated 2016 $	2015 $
(a) Current		
Employee benefits	47,337	37,857
Total current provisions	**47,337**	**37,857**
(b) Non-Current		
Employee benefits	-	-
Total non-current provisions	**-**	**-**
Total provisions	**47,337**	**37,857**

As at 30 June 2016	2016	2015
(a)Number of employees at year end	***No***	***No***
Number of employees	*1*	*1*

Provision for Employee Benefits

A provision has been recognised for employee benefits relating to annual leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in note 1(o) and note 1(p) of the financial statements.

Note 9: Financial Liabilities

As at 30 June 2016	Consolidated 2016 $	2015 $
Current financial liabilities		
CPS loan	11,004,307	9,076,265
Total current financial liabilities	**11,004,307**	**9,076,265**
Total financial liabilities	**11,004,307**	**9,076,265**

Pursuant to a Loan Note Subscription Agreement dated 10 May 2005 ("Loan Agreement"), as amended, CPS agreed to subscribe for and pay the Issue Price (as defined in the Loan Agreement) to the Company for a Note (as

Note 9: Financial Liabilities (continued)

defined in the Loan Agreement) that the Company agreed to allot and issue to CPS on the terms set out in the Loan Agreement. The Note is secured by a fixed and floating charge established on 11 May 2005 and later amended on 28 December 2010.

The balance outstanding to CPS under the note at 30 June 2016 was $11.0 million (2015: $9.1 million). Further, CPS has indicated an intention to provide continued financial support should it be required to enable the Company to pay its debts as they are incurred and become payable. Interest is charged at 12% on the outstanding amount.

Note 10: Issued Capital

As at 30 June 2016	Consolidated 2016 $	Consolidated 2015 $
(a) Ordinary Shares		
348,744,251 (2015: 348,744,251) fully paid ordinary shares	164,301,899	164,301,899
(b) Movements during the year		
Balance at the beginning of the year		
348,744,251 fully paid ordinary shares (2015: 348,744,251)	164,301,899	164,301,899
Balance at the end of the year	**164,301,899**	**164,301,899**

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of the issued ordinary shares.

Ordinary shares participate in dividends and the proceeds on the winding up of Clarity in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital risk management

When operating, Clarity's objectives when managing capital were to safeguard Clarity's ability to continue as a going concern, so that it could provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Refer to Note 1 for more details.

Clarity does not engage in any significant transactions that are speculative in nature.

Note 11: Dividends

For the year ended 30 June 2016	Consolidated 2016 $	Consolidated 2015 $
Proposed ordinary dividends	-	-
Balance of franking account	**4,131,224**	**4,131,224**

Note 12: Controlled Entities

a) Parent entity

Clarity OSS is the ultimate parent entity in the wholly owned group.

b) Controlled Entities	Country of Incorporation	Percentage of Shares Held 2016	2015
ACN: 056 159 963 Pty Limited (Deregistered 11/10/2015)	Australia	-	100%
Clarity Group Holdings Pty Limited (Deregistered 30/8/2015)	Australia	-	100%
Clarity International Pty Limited (Deregistered 30/8/2015)	Australia	-	100%
Clarity Technology Malaysia Sdn Bhd *	Malaysia	-	100%
PT Clarity Systems Indonesia *	Indonesia	-	100%
ACN 106 103 619 Pty Limited formerly Clarity Services Pty Limited (Under External Administration)	Australia	-	100%
Clarity OSS Services Pty Limited (Under External Administration)	Australia	-	100%
CG Philippines Inc. *	Philippines	-	100%
Clarity OSS (Singapore) Pte Limited (Struck off 5/9/2016)	Singapore	-	100%
Clarity OSS Software India Pvt. Limited *	India	-	100%
Clarity OSS (Bulgaria) EOOD *	Bulgaria	-	100%
Clarity Philippines Pty Limited (Deregistered 30/08/2015)	Australia	-	100%
Clarity OSS (UK) Limited *	United Kingdom	-	100%
Commercial Software Limited **	Hong Kong	100%	100%
Commercial Software Services Technologies Limited **	Hong Kong	100%	100%
Commercial Software Services (Holdings) Limited **	Hong Kong	100%	100%

***** The deregistration of Clarity Group Holdings on 30 August 2015 resulted in the loss of control of these associated entities

** These entities are no longer trading and hold no assets

Note 13: Related Party Disclosure

For the period ending 30 June 2016	Consolidated 2016 $	2015 $
(a) Directors - related entities		
Secured borrowings ("Loan Note") provided by CPS (a company related to Clarity OSS's Chairman, Dr I Campbell) and secured by a Deed of Charge over the assets of certain entities controlled by Clarity OSS. The charge was established on 11 May 2005, Dr I Campbell became a director of Clarity OSS on 28 November 2005. Interest is payable at 12% per annum on the Loan Note.		
Monies received by Clarity OSS from CPS	745,508	784,858
CPS proceeds from sale of Clarity assets	-	1,000,000
Monies owed by Clarity OSS to CPS	11,004,307	9,076,265
Interest paid/payable to CPS in relation to the loan in the year	1,182,534	1,019,471
Amount payable/owed to CPS in relation to services rendered	-	272,500

The balance outstanding to CPS under the Loan Note at 30 June 2016 was $11.0 million (2015: $9.1 million).

(b) Key management personnel

The following were key management personnel (KMP) of Clarity throughout the reporting period, unless indicated otherwise:

Non-Executive directors

Dr I Campbell

Independent Non-executive directors

Mr I Lancaster

Ms F McLeod (resigned 17 July 2015)

Executive Directors

Mr A Wrigglesworth (appointed 17 July 2015)

Note 13: Related Party Disclosure (continued)

As at 30 June 2016	Consolidated 2016 $	Consolidated 2015 $
(c) Individual directors and executives compensation disclosures		
Non-executive directors		
Primary benefits	-	-
Post-employment benefits	-	-
Total non-executive directors	**-**	**-**
KMP		
Primary benefits	295,244	279,014
Post-employment benefits	-	-
Total executives	**295,244**	**279,014**
Total	**295,244**	**279,014**

Information regarding individual directors' and executives' compensation is provided in the remuneration report included as part of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or Clarity since the end of the previous financial year and there were no other material contracts involving directors' interests existing at reporting date.

(d) Other transactions with related parties

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

Note 14: Earnings per Share

For the year ended 30 June 2016	Consolidated 2016 $	2015 $
Discontinued Operations		
Net profit used in calculating basic and diluted earnings per share	1,452,422	1,885,925
Weighted average number of ordinary shares outstanding during the year used in the calculation of earnings per share and diluted earnings per share (number):	348,744,251	348,744,251
Basic and diluted earnings per share (cents)	**0.42**	**0.54**

Note 15: Financial Risk Management

(a) Financial assets and liabilities

The carrying amount of financial assets and financial liabilities approximate their fair value.

(b) Risks and mitigation

Market risk

Market risk is the risk that the fair value or future cash flows will fluctuate because of changes in market prices. Clarity is no longer exposed to any market risk.

Components of market risk are:

i) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Clarity holds interest rate sensitive financial instruments in the form of a loan from CPS (refer Note 16). The interest rates on deposits at bank are on floating rates referenced to the Reserve Bank of Australia's cash rate.

ii) Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency exchange rates. Historically, Clarity's foreign currency exchange risk arose primarily from firm commitment or highly probable forecast transactions for receipts and payments settled in currencies other than Australian dollars or with prices dependent on foreign currencies.

Clarity was exposed to foreign exchange risk from various currency exposures but is not currently trading.

Note 15: Financial Risk Management (continued)

The tables below show Clarity's foreign currency exposure:

	Note	Consolidated	
As at 30 June 2016		2016	2015
		$	$
Trade payables			
Australian dollar		-	40,593
United States dollar		-	56,231
United Kingdom pound		-	49,867
Philippine Peso		-	191,852
Others		-	152,511
Total	7	**-**	**491,054**

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument and cause a financial loss to be incurred. Clarity is no longer exposed to any credit risk.

Liquidity risk

Liquidity risk includes the risk that as a result of our operational liquidity requirements:

- Clarity will not have sufficient funds to settle a transaction on the due date;
- Clarity will be forced to sell financial assets at a value which is less than their market value; or
- Clarity may be unable to settle or recover a financial asset.

To help reduce these risks Clarity:

- has the continued financial support of the Chairman of the Company, including the line of credit provided by CPS (refer Note 16) and
- actively investigates other capital management initiatives, including rights issue during the year.

Note 16: Financing Arrangements

Pursuant to a Loan Agreement with CPS, the Company continues to draw loan funds to fund business activities. During the year ended 30 June 2016, the Company incurred interest charges on this facility at 12% per annum. The balance outstanding to CPS under the Loan Note at 30 June 2016 was $11.0 million.

Note 17: Contingent Liabilities

Certain contingent liabilities may exist in respect of warranties provided and understandings given in respect to the divestment of businesses. At the date of this report no claims are pending or have been made in respect of these warranties or undertakings.

Under the terms of the Loan Agreement with CPS, Clarity obtained a Loan Note secured by a Deed of Charge over the assets of Clarity and the entities it controls.

Notes to and forming part of the Consolidated Financial Statements

Note 18: Matters Subsequent to the End of the Financial Year

Since the end of the 2016 Financial year, investigations have continued seeking further advice as to the possible future outcomes for the business. These investigations are on-going.

Note 19: Parent Entity Information

For the year ended 30 June 2016	2016 $	2015 $
Current assets	32,044	36,845
Total assets	32,044	36,845
Current liabilities	(11,103,470)	(12,238,415)
Total liabilities	(11,103,470)	(12,238,415)
Issued capital	164,301,899	164,301,899
Retained earnings	(173,853,624)	(175,306,046)
Total shareholders’ equity	(11,071,426)	(12,201,570)
Profit for the year	1,452,422	1,885,925
Total comprehensive income	1,130,144	1,885,925

Note 20: Segment Reporting

Operating segments are based upon the reports reviewed by the chief operating decision maker. Following the cessation of trading upon entry into voluntary administration on 4 July 2014, the Group no longer has an operating segment as all of its operations have been discontinued. Previously, the Group operated as a software and services provider to the telecom industry.

Note 21: Total Cash and Cash Equivalents

For the year ended 30 June 2016	Consolidated 2016 $	Consolidated 2015 $
For the purposes of the statement of cash flows, cash includes cash on hand and in bank and investments in money market instruments with terms of less than 90 days, net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash at bank and deposits at call	32,044	-
Total cash and cash equivalents at end of year	**32,044**	**-**
Reconciliation of net cash provided by operating activities to operating loss after income tax		
Profit/(Loss) attributable to members of parent entity	1,452,422	1,885,925
Non cash flows in loss from operating activities		
Write back due to restructure	(2,737,210)	(4,274,892)
De-recognition of foreign currency reserve	(322,278)	-
Unrealised foreign currency gain/(loss)	-	(400,253)
Interest accrued	1,182,534	1,019,471
Change in assets and liabilities, net of purchases and disposals of controlled entities		
Decrease in trade and other receivables	-	248,487
Decrease in inventories	-	1,000,000
Decrease in trade and other payables	(298,052)	(1,513)
Increase in tax payable	-	826,280
Increase/(decrease) in unearned revenue	-	(33,044)
Increase/(decrease) in other provisions	9,120	287,642
Net cash inflow/(outflow) from operating activities	**(713,464)**	**558,103**

Note 22: Restatement of Comparatives

In December 2015 the final instalment in a termination payment of $74,149 was made to an ex-employee that was committed in the prior financial year as part of the Deed of Company Arrangement process. In error, this payable was not recognised in the FY15 accounts.

In September 2014 a full and final payment of $253,089 to release all obligations under a company lease (including rent arrears and make good) was arranged directly by CPS acting as the rent guarantor on behalf of the company. This payment was brought to account by CPS during FY16 and in error was not recognised as a commitment by the company in the FY15 accounts.

The errors have been corrected by restating each of the affected financial statement line items for the prior period, as follows:

Notes to and forming part of the Consolidated Financial Statements

Note 22: Restatement of Comparatives (continued)

Impact on equity (decrease in profit)	6-Jul-15
	$
Current Liabilities	
Trade and other payables reported	2,797,055
Adjustment for Error	327,238
Restated trade and other payables	3,124,293
Net impact on equity	(327,238)

Impact on statement of profit or loss (decrease in profit)

	6-Jul-15
	$
Operating expenses	
Employee benefit expenses	(74,149)
Operating lease - minimum lease payments	(253,089)
Net impact on profit for the year	(327,238)
Attributable to members	(327,238)

Impact on basic and diluted earnings per share (EPS) ((decrease) in EPS)

	6-Jul-15
	Cents
EPS	
Basic, profit for the year attributable to members	(0.09)
Diluted, profit for the year attributable to members	(0.09)

The change did not have an impact on the company's operating, investing and financing cash flows.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations* Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give 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;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities 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*.

Dr I Campbell
Chairman

Mr A Wrigglesworth
Director & Company Secretary

Dated at Sydney this 30th day of September 2016

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the members of Clarity OSS Limited

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on 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 Clarity OSS 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 Clarity OSS 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 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon continued financial support from CPS Group Investments Pty Ltd and further advice and investigations as to the possible future options of the company. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt as to 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 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 Clarity OSS Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

John Bresolin
Partner
Sydney, 30 September 2016

Additional Information for Listed Public Companies

Shareholdings as at 30 June 2016

(a) Distribution of Shareholders

Size of Holding			Shareholders
1	to	1,000	475
1,001	to	5,000	216
5,001	to	10,000	169
10,001	to	100,000	254
100,001	to	Over	105
Total Number of Shareholders			**1,219**

(b) The number of shareholdings held in less than marketable parcels is 922.

(c) Voting rights - all shares rank equally.

(d) Twenty largest Shareholders - ordinary shares

	20 Largest Shareholders	Ordinary Shares Held	% of Issued Shares
1	CPS GROUP INVESTMENTS PTY LTD	166,105,120	47.63
2	R & P AUSTIN SUPERANNUATION PTY LTD <AUSTIN SUPER FUND A/C>	16,666,666	4.78
3	ANGORA LANE PTY LTD <ANGORA LANE P/L S/FUND A/C>	11,643,166	3.34
4	MITRIS NOMINEES PTY LTD <THE MITRIS FAMILY S/FUND A/C>	10,007,757	2.87
5	BURVEY PTY LTD <BURGESS HARVEY SUPERNO2 A/C>	9,414,000	2.70
6	SPINITE PTY LTD	8,333,333	2.39
7	CONNAUGHT CONSULTANTS (FINANCE) PTY LTD <SUPER FUND A/C>	8,050,000	2.31
8	NATIONAL NOMINEES LIMITED	7,321,690	2.10
9	NILOZAN PTY LTD	7,156,000	2.05
10	MR DIMITRIOS PILIOURAS + MRS KONSTANTINA PILIOURAS <ENERGIA SUPER FUND A/C>	6,284,403	1.80
11	ROBERT WILSON	5,785,930	1.66
12	ANGORA LANE PTY LTD <WURM FAMILY A/C>	4,683,500	1.34
13	MS NADA SAADE	4,530,429	1.30
14	SKER HOLDINGS PTY LTD <SKERMAN INVESTMENT A/C>	4,266,250	1.22
15	SIXTH ERRA PTY LTD <STAFF SUPER FUND A/C>	4,166,666	1.19
16	JBWERE (NZ) NOMINEES LIMITED <30902 A/C>	4,107,039	1.18
17	BIZZELL NOMINEES PTY LTD <BIZZELL FAMILY A/C>	3,872,976	1.11
18	KABILA INVESTMENTS PTY LTD	3,500,000	1.00
19	KRAM NOMINEES PTY LTD	3,333,334	0.96
20	LIMEBURNERS HOLDINGS PTY LTD <LIMEBURNERS ONE A/C>	3,333,331	0.96
Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (TOTAL)		**292,561,590**	**83.89**

Stock Exchange Listing

The securities of Clarity OSS were suspended from quotation by the ASX on 4 July 2014