

NeuroScientific Biopharmaceuticals Pty Ltd

ACN 102 832 995

Annual Report - 30 June 2017

NeuroScientific Biopharmaceuticals Pty Ltd
Directors' report
30 June 2017

The directors present their report, together with the financial statements, on the company, NeuroScientific Biopharmaceuticals Pty Ltd for the year ended 30 June 2017.

Directors

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

Stephen Quantrill
William Harold Clough
Anton Uvarov (appointed 29 September 2017)
Brian Leedman (appointed 29 September 2017)

Principal activities

The company is engaged in the development of diagnostic and therapeutic treatments for neurodegenerative diseases through patented technology.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss of the company for the year amounted to \$261,117 (2016: \$103,387).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

NeuroScientific Biopharmaceuticals Pty Ltd
Directors' report
30 June 2017

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



12 October 2017



RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 (0) 8 92619100
F +61 (0) 8 92619111
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of NeuroScientific Biopharmaceuticals Pty Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 12 October 2017

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NeuroScientific Biopharmaceuticals Pty Ltd

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General information

The financial statements cover NeuroScientific Biopharmaceuticals Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is NeuroScientific Biopharmaceuticals Pty Ltd's functional and presentation currency.

NeuroScientific Biopharmaceuticals Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

L1, 45 Stirling Highway,
Nedlands WA 6009

Principal place of business

L1, 45 Stirling Highway,
Nedlands WA 6009

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 October 2017. The directors have the power to amend and reissue the financial statements.

NeuroScientific Biopharmaceuticals Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue			
Interest received		160	25
Other income	3	38,025	116,000
		<u>38,185</u>	<u>116,025</u>
Expenses			
Administration expenses		(39,499)	(30,454)
Consulting and research expenses		(249,333)	(188,614)
Finance costs		(578)	(344)
Amortisation expenses		(9,892)	-
		<u>(299,302)</u>	<u>(219,412)</u>
(Loss) before income tax expense		<u>(261,117)</u>	<u>(103,387)</u>
Income tax expense		-	-
(Loss) after income tax expense for the year attributable to the owners of NeuroScientific Biopharmaceuticals Pty Ltd		<u>(261,117)</u>	<u>(103,387)</u>
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) for the year attributable to the owners of NeuroScientific Biopharmaceuticals Pty Ltd		<u>(261,117)</u>	<u>(103,387)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

NeuroScientific Biopharmaceuticals Pty Ltd
Statement of financial position
As at 30 June 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents		125,806	4,785
Other current assets	4	<u>38,025</u>	<u>181,797</u>
Total current assets		<u>163,831</u>	<u>186,582</u>
Non-current assets			
Intangible assets	5	<u>415,108</u>	<u>60,000</u>
Total non-current assets		<u>415,108</u>	<u>60,000</u>
Total assets		<u>578,939</u>	<u>246,582</u>
Liabilities			
Current liabilities			
Trade and other payables	6	<u>43,151</u>	<u>122,117</u>
Total current liabilities		<u>43,151</u>	<u>122,117</u>
Total liabilities		<u>43,151</u>	<u>122,117</u>
Net assets		<u>535,788</u>	<u>124,465</u>
Equity			
Issued capital	7	4,223,762	3,551,322
Option reserve	8	3,281	3,281
Retained profits		<u>(3,691,255)</u>	<u>(3,430,138)</u>
Total equity		<u>535,788</u>	<u>124,465</u>

The above statement of financial position should be read in conjunction with the accompanying notes

NeuroScientific Biopharmaceuticals Pty Ltd
Statement of changes in equity
For the year ended 30 June 2017

	Issued capital \$	Option reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2015	2,816,322	3,281	(3,326,751)	(507,148)
Shares issued during the year – loan conversion	685,000	-	-	685,000
Shares issued during the year – share based payment	50,000	-	-	50,000
Total comprehensive (loss) for the year after tax	<u>-</u>	<u>-</u>	<u>(103,387)</u>	<u>(103,387)</u>
Balance at 30 June 2016	<u>3,551,322</u>	<u>3,281</u>	<u>(3,430,138)</u>	<u>124,465</u>
	Issued capital \$	Option reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2016	3,551,322	3,281	(3,430,138)	124,465
Shares issued during the year – capital raising	322,440	-	-	322,440
Shares issued during the year – share based payment	350,000	-	-	350,000
Total comprehensive (loss) for the year after tax	<u>-</u>	<u>-</u>	<u>(261,117)</u>	<u>(261,117)</u>
Balance at 30 June 2017	<u>4,223,762</u>	<u>3,281</u>	<u>(3,691,255)</u>	<u>535,788</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

NeuroScientific Biopharmaceuticals Pty Ltd
Statement of cash flows
For the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Payments to suppliers and employees		(367,800)	(87,437)
Receipts from customers		181,797	-
Bank fees		(576)	(345)
Interest received		160	25
		<u> </u>	<u> </u>
Net cash used in operating activities	13	(186,419)	(87,757)
Cash flows from investing activities			
Purchase of intangibles		(15,000)	(10,000)
		<u> </u>	<u> </u>
Net cash used in investing activities		(15,000)	(10,000)
Cash flows from financing activities			
Proceeds from share issue		322,440	-
Proceeds from borrowings		-	40,000
		<u> </u>	<u> </u>
Net cash from financing activities		322,440	40,000
Net increase/(decrease) in cash and cash equivalents		121,021	(57,757)
Cash and cash equivalents at the beginning of the financial year		4,785	62,542
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year		<u>125,806</u>	<u>4,785</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Basis of preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of NeuroScientific Biopharmaceuticals Pty Ltd. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of NeuroScientific Biopharmaceuticals Pty Ltd.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition

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

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income

Other income is primarily the research and development tax refund received for claims under the Commonwealth Government's Research and Development Tax Incentive Regime. Revenue is recorded once it is probable that the company will receive the benefit. All other income is recognised when it is received or when the right to receive payment is established.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Note 1. Significant accounting policies (continued)

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.

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

Research and development

Research costs are expensed in the period in which they are incurred.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

Share-based payment transactions

The company provides benefits in the form of share-based payments, whereby persons render services in exchange for shares or rights over shares ('equity settled transactions'). The company does not provide cash settled share-based payments.

The cost of equity settled transactions are measured by reference to the fair value of the equity instruments at the date at which they are granted.

The cost of equity settled transactions are recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant persons become fully entitled to the award (the 'vesting period').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired, and the company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised for the period. No cumulative expense is recognised for awards that ultimately do not vest (in respect of non-market vesting conditions).

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible asset recognized is assessed as finite.

Impairment of assets

At each reporting date, the Entity reviews the carrying values of its tangible and 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 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 comprehensive income.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2017. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NeuroScientific Biopharmaceuticals Pty Ltd
Notes to the financial statements
30 June 2017

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Note 3. Other income

	2017	2016
	\$	\$
Debt forgiven	-	116,000
R&D rebate	38,025	-
	<u>38,025</u>	<u>116,000</u>

Note 4. Other current assets

	2017	2016
	\$	\$
Receivable from Macrae Investments	-	181,797
R&D rebate – receivable	38,025	-
	<u>38,025</u>	<u>181,797</u>

Note 5. Intangible assets

Licence agreement (note 10)

	2017	2016
	\$	\$
Opening balance	60,000	-
Additions *	365,000	60,000
Less: Accumulated amortisation	(9,892)	-
Closing balance	<u>415,108</u>	<u>60,000</u>

(*) \$350,000 via the issue of shares (2016 - \$50,000) (Note 7)

Note 6. Trade and other payables

	2017	2016
	\$	\$
Trade payables	127	21,684
Other payables	43,024	100,433
	<u>43,151</u>	<u>122,117</u>

NeuroScientific Biopharmaceuticals Pty Ltd
Notes to the financial statements
30 June 2017

Note 7. Equity - issued capital

	2017 Shares	2016 Shares	2017 \$	2016 \$
Ordinary shares - fully paid	91,827,970	81,175,298	4,223,762	3,551,322

Movements in ordinary shares

	No of shares	Issue price	\$
Opening balance 1 July 2015	66,475,298		2,816,322
30 June 2016 - Issue of shares, conversion of loan	13,700,000	0.050	685,000
30 June 2016 - Issue of shares, share based payment	1,000,000	0.050	50,000
	<u>81,175,298</u>		<u>3,551,322</u>
19 October 2016 - Issue of shares, seed capital	2,428,791	0.050	121,440
27 April 2017 - Issue of shares, seed capital	3,000,000	0.067	201,000
2 May 2017 - Issue of shares, share based payment	5,223,881	0.067	350,000
	<u>91,827,970</u>		<u>4,223,762</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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

Note 8. Equity - reserves

	2017 \$	2016 \$
Option reserve	3,281	3,281
	<u>3,281</u>	<u>3,281</u>

Option reserve

The option reserve records items recognised as expenses on the valuation of share options.

NeuroScientific Biopharmaceuticals Pty Ltd
Notes to the financial statements
30 June 2017

Note 9. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM, the auditor of the company and its network firms:

	2017 \$	2016 \$
<i>Audit services - RSM Australia Partners</i>		
Audit of the financial statements	<u>7,000</u>	<u>15,500</u>

Note 10. Contingent liabilities

On the 18 May 2016, the company signed an agreement with the University of Tasmania (UTAS) to acquire the license to hold the right to use intellectual property developed by the University. In accordance with the contract, amounts are payable to UTAS in equity, conditional upon the satisfaction of certain technical milestones. Upon the satisfaction of Milestone 1, \$150,000, Milestone 2, \$200,000, and Milestone 3, \$250,000 of equity securities are required to be issued in the company.

Note 11. Commitments

The company had no commitments for expenditure as at 30 June 2017.

Note 12. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 13. Reconciliation of profit after income tax to net cash from operating activities

	2017 \$	2016 \$
Loss for the year	(261,117)	(103,387)
<i>Adjustments for:</i>		
Amortisation	9,892	-
Debt forgiveness	-	(116,000)
Change in operating assets and liabilities:		
Trade and other receivables	143,772	-
Trade and other payables	<u>(78,966)</u>	<u>131,630</u>
Net cash used in operating activities	<u>(186,419)</u>	<u>(87,757)</u>

NeuroScientific Biopharmaceuticals Pty Ltd
Directors' declaration
30 June 2017

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in Note 1, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of NeuroScientific Biopharmaceuticals Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards to the extent described in Note 1, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



12 October 2017

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 (0) 8 92619100
F +61 (0) 8 92619111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NEUROSCIENTIFIC BIOPHARMACEUTICALS PTY LTD**

Opinion

We have audited the financial report of Neuroscientific Biopharmaceuticals Pty Ltd., (the 'Company'), which comprises the statement of financial position as at 30 June 2017, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes 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 preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM
RSM AUSTRALIA PARTNERS

Al Whyte

Perth, WA
Dated: 13 October 2017

ALASDAIR WHYTE
Partner