

Nanollose Pty Ltd

ABN 13 601 676 377

Annual Report

for the period

8 September 2014 (date of incorporation) to 30 June 2015

**Nanollose Pty Ltd
Directors' Report
30 June 2015**

The directors present their report, together with the financial statements, consisting of Nanollose Pty Ltd (referred to hereafter as the 'company') for the period ended 30 June 2015.

Directors

The following persons were directors of Nanollose Pty Ltd during the period ended 30 June 2015 and up to the date of this report, unless otherwise stated:

Wayne Best, Director and Chairman
Winton Willesee, Director
Gary Cass, Director
Terence Walsh, Director (Appointed on 15 August 2016)

Principal activities

During the financial period the principal continuing activities of the company consisted of research and development, and promotion of the company's nanocellulose technology. The company was successful in raising awareness of its activities and following the end of the period successfully submitted a provisional patent with regard to the technique to prepare non-woven fabric as an alternative to plant based cellulose products.

Review of operations

The loss for the company after providing for income tax was \$1,728.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial period

On 14 July 2016, the Company changed its status from Pty Ltd to Limited.

On 4 August 2016, the Board of Directors resolved to issue and allot 39,499,995 fully paid ordinary shares in the capital of the company to the initial shareholders and two new shareholders, with issue and allotment to be dated 4 August 2016.

On 4 August 2016, the Board of Directors resolved to issue and allot up to 21,000,000 options to acquire fully paid ordinary shares in the capital of the company to the initial shareholders, with issue and allotment dated 4 August 2016.

In August 2016 the company raised \$600,000 in equity by way of the issue of 9,999,993 shares at an issue price of \$0.06 (Issued on 5 August 2016) to provide working capital and to facilitate a possible ASX listing.

Other than the above, there are no matters or circumstances that have arisen since 30 June 2015 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

The company will continue to progress its research and development, and awareness of the company's nanocellulose technology.

Environmental regulation

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

Information on directors

Wayne Best

Qualifications: BSc (Hons), PhD, DIC, FRACI, GAICD

Wayne has 30 years' experience in organic chemistry and the biotechnology sector. He obtained his PhD in Organic Chemistry from The University of Western Australia. He then spent two years at Imperial College in the UK where he obtained a DIC, followed by a year at the Australian National University in Canberra. He then moved into industry with a position at ICI Australia's Research Group in Melbourne. Following ICI, Wayne spent ten years at the Chemistry Centre (WA) where he was responsible for the formation and running of the Medicinal & Biological Chemistry Section which undertook collaborative R&D into drug discovery and contract synthesis for the pharmaceutical industries. In 2003 he founded Epichem Pty Ltd, a contract research company, where he is currently the Managing Director. Wayne is a Fellow of the Royal Australian Chemical Institute and an Adjunct Associate Professor of Chemistry at The University of Western Australia. He is also a Graduate Member of the Australian Institute of Company Directors and has served as a Director for several listed and unlisted biotechnology companies.

Winton Willesee

Qualifications: BBus, DipEd, PGDipBus, MCom, FFin, CPA, MAICD, ACIS/ACSA

Winton is an experienced company director. He brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance. Winton has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects.

Winton holds formal qualifications in economics, finance, accounting, education and governance. He is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors, a Member of CPA Australia and a Chartered Secretary.

Terence Walsh

Qualifications: LLB

Terry is a senior commercial lawyer and manager with more than 20 years of experience in project development, mining and general commercial law. He initially worked with leading law firms in Perth and Sydney before moving in house, where he has worked as the General Counsel of Hancock Prospecting Pty Ltd and prior to that as a Corporate Counsel with Rio Tinto Ltd. In these roles he has been involved with the legal and commercial aspects associated with the development and operation of technology and mining projects. In addition to providing consulting services in the mining, technology and finance industries, he currently serves as the Chief Development Officer of Hazer Group Ltd."

Gary Cass

Qualifications: BSc

Gary - aka The Creative Scientist, based in Perth - has been a key creative collaborator with numerous international arts and sciences projects; including Fermented Fashion, perhaps the first dresses in the world made from wine and beer. Gary is director of The Scientific Creativity Initiative, which has a philosophy that "creativity is as important as literacy and numeracy." Gary's collaborative projects have been exhibited around the world including; a fringe event at the Venice Biennale and Documenta Germany; Trinity College Science Gallery, Ireland; Signature Art Prize in Singapore; and ArtStays Slovenia. Fermented Fashion has recently gained media coverage with AOL.com, appeared in the 2014 Ripley's Believe It or Not and part of World EXPO 2015 in Milan. Gary's newest project, iDNAity audio – making music from your genes - is exciting and engaging students, using creativity, into the sciences.

Nanollose Pty Ltd
Directors' report
30 June 2015

Company secretary

Erlyn Dale

Qualifications: BCom, GradDipACG, ACIS/ACSA

Erlyn has held the role of Company Secretary since 14 June 2016. Erlyn has a broad range of experience in the administration of companies and corporate governance having held the position of Company Secretary with several ASX-listed and unlisted companies.

Erlyn holds a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia and is a chartered secretary.

Shares under option

There are no unissued ordinary shares of Nanollose Pty Ltd under option at the date of this report.

Shares issued on the exercise of options

There are no ordinary shares of Nanollose Pty Ltd issued on the exercise of options during the period ended 30 June 2015 and up to the date of this report.

Indemnity and insurance of auditor

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

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

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.

Subsequent to the financial period, 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.

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 immediately after this directors' report.

Nanollose Limited
Directors' report
30 June 2015

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



Winton Willesee
Director

25 January 2017
Perth

RSM Australia Partners

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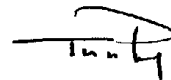
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Nanollose Pty Ltd for the financial period 8 September 2014 to 30 June 2015, 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



TUTU PHONG
Partner

Perth, WA
Dated: 25 January 2017

Nanollose Pty Ltd
Contents
30 June 2015

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General information

The financial statements cover Nanollose Pty Ltd as a single entity. The financial statements are presented in Australian dollars, which is Nanollose Pty Ltd's functional and presentation currency.

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

Registered office

Suite 5 CPC
145 Stirling Highway
Nedlands WA 6009

Principal place of business

Suite 5 CPC
145 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 25 January 2017. The directors have the power to amend and reissue the financial statements.

Nanollose Pty Ltd
Statement of profit or loss and other comprehensive income
For the period ended 30 June 2015

	Note	2015
		\$
Expenses		
Development expenses		(873)
Amortisation expense		(87)
Other expenses		(768)
Total expenses		<u>(1,728)</u>
Loss before income tax expense		(1,728)
Income tax expense		<u>-</u>
Loss after income tax expense for the period		(1,728)
Total comprehensive loss for the period		<u><u>(1,728)</u></u>

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

Nanollose Pty Ltd
Statement of financial position
As at 30 June 2015

	Note	2015 \$
Assets		
Current assets		
Cash and cash equivalents	3	13,718
Other receivables	4	61
Formation costs	5	498
Total current assets		<u>14,277</u>
Total assets		<u>14,277</u>
Liabilities		
Non-current liabilities		
Borrowings	6	<u>16,000</u>
Total non-current liabilities		<u>16,000</u>
Total liabilities		<u>16,000</u>
Net liabilities		<u><u>(1,723)</u></u>
Equity		
Issued capital	7	5
Accumulated losses	8	<u>(1,728)</u>
Total equity		<u><u>(1,723)</u></u>

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

Nanollose Pty Ltd
Statement of changes in equity
For the period ended 30 June 2015

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 8 September 2014 (date of incorporation)	-	-	-
Loss after income tax expense for the period	-	(1,728)	(1,728)
Total comprehensive loss for the period	-	(1,728)	(1,728)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	5	-	5
Balance at 30 June 2015	<u>5</u>	<u>(1,728)</u>	<u>(1,723)</u>

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

Nanollose Pty Ltd
Statement of cash flows
For the period ended 30 June 2015

	Note	2015 \$
Cash flows from operating activities		
Payments to suppliers and employees		<u>(1,702)</u>
Net cash used in operating activities	9	<u>(1,702)</u>
Cash flows from investing activities		
Formation expenses	5	<u>(585)</u>
Net cash used in investing activities		<u>(585)</u>
Cash flows from financing activities		
Proceeds from issue of shares		5
Proceeds from borrowings		<u>16,000</u>
Net cash from financing activities		<u>16,005</u>
Net increase in cash and cash equivalents		13,718
Cash and cash equivalents at the beginning of the financial period		<u>-</u>
Cash and cash equivalents at the end of the financial period	3	<u><u>13,718</u></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.

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 Nanollose Pty Ltd. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Nanollose 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, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

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.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods and the risks and rewards are transferred to the customer. Amounts disclosed as revenue are net of sales returns and trade discounts.

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 revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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 the company's 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.

A liability is classified as current when: it is either expected to be settled in the company's 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

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, being their finite life as determined on a case by cases basis by Management.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life as determined on a case by cases basis by Management.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life as determined on a case by cases basis by Management.

Note 1. Significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial period 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.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs.

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.

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.

Comparative Figures

No comparative figures are available as this is the first financial statements since incorporation.

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 2015. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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. There are no judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2015
\$

Note 3. Current assets - cash and cash equivalents

Cash on hand	5
Cash at bank	<u>13,713</u>
	<u><u>13,718</u></u>

Note 4. Current assets – other receivables

GST receivable	<u>61</u>
	<u><u>61</u></u>

Note 5. Current assets – formation expenses

Formation expenses – at cost	585
Accumulated amortisation	<u>(87)</u>
	<u><u>498</u></u>

Nanollose Pty Ltd
Notes to the financial statements
30 June 2015

2015
\$

Note 6. Non-current liabilities - borrowings

Loans from Directors and Shareholders	16,000
	<u>16,000</u>

Note 7. Equity - issued capital

	2015	2015
	Shares	\$
Ordinary shares - fully paid	<u>5</u>	<u>5</u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2014	-		-
Issue of shares	26 September 2014	<u>5</u>	\$1.00	<u>5</u>
Balance	30 June 2015	<u>5</u>		<u>5</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 – accumulated losses

	2015
	\$
Accumulated losses at the beginning of the financial period	-
Loss after income tax expense for the period	<u>(1,728)</u>
Accumulated losses at the end of the financial period	<u>(1,728)</u>

Note 9. Reconciliation of loss after income tax to net cash used in operating activities

	2015
	\$
Loss after income tax expense for the period	(1,728)
Adjustments for:	
Amortisation	87
Change in operating assets and liabilities:	
Trade and other receivables	<u>(61)</u>
Net cash used in operating activities	<u><u>(1,702)</u></u>

Note 10. Remuneration of auditors

During the financial period the following fees were payable for services provided by RSM Australia Partners, the auditor of the company:

	2015
	\$
<i>Audit services - RSM Australia Partners</i>	
Audit of the financial statements	<u>-</u>
	<u><u>-</u></u>

Note 11. Contingent assets

The company has no contingent assets as at 30 June 2015.

Note 12. Contingent liabilities

The company has no contingent liabilities as at 30 June 2015.

Note 13. Commitments

The company has no capital or other expenditure commitments as at 30 June 2015.

Note 14. Events subsequent to balance date

On 14 July 2016, the Company changed its status from Pty Ltd to Limited.

On 4 August 2016, the Board of Directors resolved to issue and allot 39,499,995 fully paid ordinary shares in the capital of the company to the initial shareholders and two new shareholders, with issue and allotment to be dated 4 August 2016. On 4 August 2016, the Board of Directors resolved to issue and allot up to 21,000,000 options to acquire fully paid ordinary shares in the capital of the company to the initial shareholders, with issue and allotment dated 4 August 2016.

In August 2016, the company raised \$600,000 in equity by way of the issue of 9,999,993 shares at an issue price of \$0.06 (Issued on 5 August 2016) to provide working capital and to facilitate a possible ASX listing.

Nanollose Pty Ltd
Directors' Declaration
30 June 2015

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 to the financial statements, 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 Nanollose Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, 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 2015 and of its performance for the period 8 September 2014 (date of incorporation) to 30 June 2015; 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



Winton Willesee
Director

25 January 2017
Perth



RSM Australia Partners

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

We have audited the accompanying financial report, being a special purpose financial report, of Nanollose Pty Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial period 8 September 2014 to 30 June 2015, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 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 a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

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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 Nanollose Pty Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion, the financial report of Nanollose Pty Ltd 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 2015 and of its performance for the financial period 8 September 2014 to 30 June 2015; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

A handwritten signature of 'RSM' in a cursive, stylized font.

RSM AUSTRALIA PARTNERS

A handwritten signature of 'Tutu Phong' in a cursive, stylized font.

TUTU PHONG
Partner

Perth, WA
Dated: 25 January 2017