

**Appendix 4E
Preliminary Final Report**

**Secos Group Limited
ABN 89 064 755 237**

Details of the reporting period and the previous corresponding period

Reporting Period: 30 June 2017
Previous Corresponding Period: 30 June 2016

Results for announcement to the market

Key information	2017 \$	2016 \$	% Change
Revenues from ordinary activities	22,364,976	21,251,061	+5.2%
Profit from ordinary activities after tax attributable to members	(2,949,170)	(4,958,162)	+40.5%
Net profit attributable to members	(2,949,170)	(4,958,162)	+40.5%

Dividends Paid and Proposed	Amount per security	Franked amount per security at 30% of Tax
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Previous corresponding period	Nil	Nil

Record date for determining entitlements to the dividend.	No dividend has been declared or paid
Dividend re-investment plan.	No dividend re-investment plan in operation

Net Tangible Assets Backing	2017	2016
Net tangible asset backing per ordinary security	\$0.013	\$0.009

Control gained or lost over entities in the year

There were no entities where control was gained or lost during the period.

Commentary on the Results for the period

Refer to the commentary on the results for the period contained in the "Review of Operations" included within the Directors' report.

Status of Audit

The 30 June 2017 financial report and accompanying notes for Secos Group Limited have been audited and are not subject to any disputes or qualifications. Refer to the 30 June 2017 annual report for a copy of the auditor's report.

**SECOS GROUP LIMITED
AND ITS CONTROLLED ENTITIES**
(ACN 064 755 237)

(ASX: SES)

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2017



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CORPORATE DIRECTORY

DIRECTORS:	Mr Richard Tegoni (Chairman) Mr Stephen Walters (Managing Director) Mr Trevor Haines (Executive Director) Mr Donald Haller Jr. (Non-Executive Director)
COMPANY SECRETARY:	Mr Edmond Tern
REGISTERED OFFICE:	Suite 6, Level 2, 205-211 Forster Road Mount Waverley, VIC 3149 Telephone: +61 3 8566 6800 Email: info@secosgroup.com.au
SHARE REGISTRY:	Advanced Share Registry Limited 110 Stirling Highway, NEDLANDS W.A.-6009 Telephone: +61 8 9389 8033 Facsimile: +61 8 9262 3723
BANKERS:	Bank of Melbourne Level 8, 530 Collins Street, MELBOURNE, VIC 3000
AUDITORS:	William Buck Level 20, 181 William Street, MELBOURNE, VIC 3000 Telephone: +61 3 9286 8000
LAWYERS:	CBW Partners Level 1, 159 Dorcas Street, South Melbourne, VIC 3205
SECURITIES EXCHANGE:	Australian Securities Exchange Level 45 South Tower, Rialto 525 Collins Street MELBOURNE, VIC 3000 ASX Code: SES
WEBSITE:	Corporate: www.secosgroup.com.au E-commerce: www.cardiabioproducts.com
CORPORATE GOVERNANCE STATEMENT:	The Corporate Governance statement can be found on Investors page at www.secosgroup.com.au

CHAIRMAN'S REPORT

Dear Fellow Shareholders,

It is my pleasure to present the 2017 Annual Report for SECOS Group Limited (ASX: SES). We have gained significant momentum over the past year, expanding our markets and growing our revenue, allowing us to enter 2018 in a strong position.

Since the launch of SECOS as a merged entity comprising one of Australia's finest film manufacturers and a cutting-edge bio-based resin technology developer, the Group has delivered a remarkable turnaround in performance. Net loss has improved from \$4.9 m loss to \$2.9 m loss from FY16 to FY17, while operating cash outflows have improved from -\$3.4 m to -\$2.6 m year on year. This progress was underscored by the Group's positive operating cash flow in the final quarter of 2017, and improvement in cash receipts and sales in the second half to the year.

SECOS achieved these strong results under difficult conditions, including major restructuring of the Group's operations, long trial periods for product acceptance by major customers, significant investment in new technology and restructuring costs and headwinds associated with working in an emerging market environment.

Our success to date validates the Group's strategy to target the waste management and hygiene films markets, with plastic products developed and produced using SECOS' proprietary Compostable and Biohybrid™ resins. SECOS has worked hard over the past year to deliver stronger value to its customers, as well as to its shareholders. We have completed a detailed review of our operations to identify areas where we could reduce expenditure. This has helped us to achieve synergies between the Group's business units.

Initiatives that we have implemented during the year, including streamlining of the Company's corporate finance division to ensure focus and resources are best matched to the highest performing areas of the business, are expected to yield material savings on overhead costs. Continuing to review the Company's cost base is a critical component of implementing the prudent financial management required to maximize shareholder value as SECOS continues its journey to profitability. We expect these cost savings to positively impact net profit in the first quarter of FY18.

We are very pleased to report that two of our three manufacturing business units, in Malaysia and Australia, achieved profit on a monthly run rate basis in 2017. Plant utilization has risen, and the Company retains significant scope to work its assets harder to meet growing demand from large US and Asian customers. In FY18, we expect to drive further efficiencies and cost savings while continuing to grow the business.

Towards the end of financial year, SECOS launched a review of its Chinese operations with the intention of establishing a structure that will encourage sustainable growth. This review, along with sales growth out of Australia and Malaysia and further reductions in head office fixed overhead costs, should aid SECOS' progress toward cash flow positivity at a Group level.

Looking to our industry position, we note the recent move away from single-use plastic bags in Australia, with major retailers Coles and Woolworths among those announcing changes to their policies. This should be positive for SECOS as retailers look to enhance their environmental and sustainability credentials. SECOS sees great scope to meet customer demand for more environmentally friendly bags made using our proprietary resin technology, including our compostable and Biohybrid™ product range.

Most recently, SECOS announced a breakthrough with its contract to licence MiniFAB's newly developed and world first micro-engineered breathable film technology. This should empower SECOS to produce and supply some of the world's best breathable film products to the fast-growing hygiene film market. This technology brings significant advantages and will help SECOS to enter the breathable films market without the major capital outlay normally associated with doing so.

I take this opportunity to thank my fellow Board members, including Non-Executive Director Donald F. Haller Jr who joined the Board during the year, for their efforts and support during 2017. I also thank our management team and staff who have performed impressively, particularly as we have worked to reduce our costs.

Lastly, I thank our Shareholders for your continued support and belief in our Company to be a leader in change towards sustainable plastic solutions and waste management. Our success to date has been made possible through a high level of commitment from a long list of sophisticated investors and private shareholders alike. Although SECOS will need to continue to carefully manage industry and business risks, subject to no material setbacks, the Directors feel confident that the Group's performance will continue to improve in 2018.

I have high expectations of what we can achieve in terms of growing our revenue and opening new markets, and I look forward to keeping you updated on our progress.



Richard Tegoni
Chairman

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of SECOS Group Limited ("SECOS" or the "Company") and the entities it controlled ("the Group") at the end of, or during, the year ended 30 June 2017.

DIRECTORS

The following persons were Directors of SECOS during the financial year and up to the date of this report:

Richard Tegoni (Chairman)
 Stephen Walters (Managing Director)
 Trevor Haines (Executive Director, Corporate Development, CFO until 1 August 2016)
 Donald Haller Jr. (Non-Executive Director, Appointed 1 September 2016)

Frank Glatz (former Chief Executive Officer, Resigned 29 July 2016)

COMPANY SECRETARY

The Company Secretary is Edmond Tern (Appointed 6 March 2017).

Mr Tern is also the Group Chief Financial Officer of SECOS and is experienced with company secretarial roles, having previously served as CFO and Company Secretary of two other ASX-listed companies.

The former Company Secretary, Ms Rekha Bhambhani, resigned on 6 March 2017.

PRINCIPAL ACTIVITIES

Leading developer and manufacturer of sustainable packaging materials. Based in Melbourne, Australia, SECOS supplies its proprietary biodegradable resins, packaging products and high-quality cast films to a blue-chip global customer base.

SECOS holds a strong patent portfolio and the global trend toward sustainable packaging is fueling the Company's growth, bringing FY17 revenue of \$22 million.

The Company's headquarters and Global Application Development Centre are based in Melbourne, Australia. SECOS has a Product Development Centre and manufacturing plant for resins and finished products in Nanjing, China, with manufacturing plants for high quality cast films in Melbourne and Kuala Lumpur, Malaysia. SECOS' annual production capacity is 7,200 tonnes of bioplastic resins, 15,000 tonnes of cast film and 2,000 tonnes of blown film and finished products.

SECOS has sales offices in Australia, Malaysia, China and the US, with a network of leading distributors across the Americas, Asia and Europe.

OPERATING RESULTS

The consolidated loss for the year attributable to the members of the Group was:

	2017	2016
	\$	\$
Loss for the year after income tax	(2,949,170)	(4,951,804)
Profit attributable to non-controlling interests	-	(6,358)
Net Loss attributable to members of the Company	(2,949,170)	(4,958,162)

DIVIDENDS

The Directors do not recommend the payment of a dividend and no dividends have been paid or declared since the end of the last financial year.

REVIEW OF OPERATIONS:

2017 Highlights:

- Significant cost reduction program implemented to save \$250,000 in overhead costs per year.
- Achieved trading profitability from operations in Malaysia.
- Achieved positive operating cash flow in June quarter.
- Increased interest in niche markets of films, packaging and waste management.
- Well-funded to pursue opportunities in 2018, having completed a \$1.27 million Share Placement in late June 2017.

SALES REVIEW BY STRATEGIC BUSINESS UNIT

Films and Packaging

During 2017, SECOS secured new contracts with businesses including:

- A second pet sheet manufacturer in Japan which will see production output increase by >40% at the Australian plant.
- A major hygiene manufacturer that has facilities in Thailand and Indonesia. Volume development trials commenced in September with the placement of an initial container order of film supplied from the Malaysian plant.
- A global silicone coating business that has a facility in Thailand and will source film from the Malaysian plant.
- A global chemical company approved Cardia Biohybrid™ resin for use in its range of adhesive bottles. The Company subsequently commenced trials of this innovative product across several countries which represent previously untapped territory for SECOS. SECOS built on its initial deliveries, having negotiated ongoing supply terms after initial trials were approved. Several key customers requested to analyze the innovative product, and SECOS received additional inbound enquiries from Brazil and Russia supporting potential new business relating to the product.
- The Company successfully developed a sustainable courier bag for a large US online retail customer using biohybrid resin.

In addition, a trial conducted in the September quarter with protective packaging specialist Storopack USA for compostable cushion bag applications led to the successful fulfilment of initial orders in the December quarter. SECOS received follow-up orders and anticipates further business growth.

A business case for a breathable film product line moved forward with evaluation of unique and newly developed film technology. All project milestone events were passed and real-time trials saw very positive results. This product enters the market positioned as the technological leader in second-generation breathable films, which SECOS will make available to customers at compelling price points. This project continues to hit its key milestones and is on track to deliver its first commercial outcomes as per the project plan.

The Company launched the MyEcoPet website in the June quarter as an online sales channel to address the attractive market for earth-friendly and compostable pet supplies.

Recently raised growth capital will boost SECOS' sales and marketing capabilities in the US, as the Company continues to grasp opportunities to reinforce its growing reputation as an innovator in sustainable packaging.

Waste Management Solutions

Highlights in the Waste Management Solutions market segment include:

- SECOS experienced rising demand for dog waste bags following the Nanjing plant increase in manufacturing capacity of dog bags by 58%. It received an initial order to supply its dog bags to Italy, demonstrating interest from a new market. In addition, a major USA and Canada-based pet shop chain developed a co-branded (Cardia) range of products and placed a significant initial order. Subsequently, SECOS fulfilled stock replenishment orders from this customer.
- SECOS continued its expansion in the US, pursuing a commercial opportunity to enter the Compostable Waste Management sector. The Company notes a building of momentum among US municipalities aiming to eliminate food waste from landfills.
- SECOS continued to supply organic waste management systems to the Australian local government sector and worked with preferred supplier partners and distributors to secure the growing trend in adopting waste diversion programs to reduce landfill usage. It continued to win new tenders with city councils around Australia, securing material orders from Nedlands and Wodonga councils and the South Melbourne Market.

REVIEW OF OPERATIONS (continued)

- The Company expects to further grow local government interest and revenue through successful completion of a project to develop a high-speed composting range of bags. Compliance management requirements were completed, and SECOS is seeking official municipal certification of this new product.
- Trials in Malaysia were successful, with external converters of film and bags to produce compostable products locally and support the Malaysian Government initiative to ban plastic bags in preference to compostable bags in this fast-growing and emerging market.
- Cleanaway Waste Management Ltd (formerly known as Transpacific Industries Group Ltd) placed a repeat order.

Bioplastics Market

The bioplastics market is a diverse, US\$15 billion global industry. Allied Market Research forecasts industry revenue to grow at a compound rate of more than 14% through 2020 to exceed US\$30 billion. Peak body European Bioplastics forecasts production to grow by more than 50% between now and 2021 to over six million tonnes per annum.

SECOS has two main focuses:

1. Sustainable films: used in packaging products such as nappies and other hygiene products
2. Waste Management: where compostability of plastics forms a key role in the diversion of waste away from landfill.

In the latter product group, the growing global cost of landfill is a primary driver of an industry shift toward bioplastics, although the environmental benefits provide an additional incentive.

Both product areas are growing rapidly and offer SECOS a strong commercial opportunity independent of environmental motivations. However, governments are encouraging the market toward a broader application of bioplastics by legislating outright bans of traditional plastics, as a response to growing demand among voters for support of environmentally friendly products.

Australia is moving closer to a countrywide ban on single-use plastic bags, and major grocery retailers including Coles and Woolworths are moving ahead of proposed legislation to phase out their use. SECOS and its wholly owned subsidiary Cardia Bioplastics welcome these moves, seeing strong potential for further change to positively impact the Company's business.

Compostable plastics are specifically designed to compost and return to the Earth naturally without causing any damage to the oceans or environment. Compostable plastics are predominantly used in waste management solutions to allow for the effective diversion of organic waste out of landfill. As an example, many councils around the world are now mandating waste separation programs which rely upon management solutions for organic waste and compostable plastics products. SECOS makes its compostable resins with renewable content, using patented technology to achieve its customers' key performance requirements. The Company is currently supplying compostable bag products to more than 19 councils around Australia which have implemented waste diversion programs.

In addition, the Company's proprietary Biohybrid™ technology involves blending SECOS' patented resin with traditional plastics to provide a product made from less oil and/or more renewable resources. SECOS can offer Biohybrid™ products at a comparable price point to traditional plastics, and as outlined above, these products offer a range of benefits such as softer feel, greater strength, better barrier properties, lower carbon footprint and use of less oil. This product is gaining market traction because the attractive price point and superior product properties make for an easy switch from traditional plastics, even before the environmental considerations. Biohybrid™ products are also recyclable in the same way that traditional plastics can be recycled.

During the year, SECOS supplied biohybrid films, bags and resins to well-known customers, including:

- Walmart: selling dog bags under the Greenbone brand, with room to grow on development of additional brands
- Pet Valu: long-standing customer in co-branded dog bags
- Henkel: has specified SECOS' biohybrid resin to produce Loctite bottles, with potential for the relationship to deepen in 2018 after additional trials in multiple countries.
- Customers now taking SECOS' compostable films and resins include:

REVIEW OF OPERATIONS (continued)

- Sealed Air: a focal SECOS customer taking compostable film for the PakNatural brand form fill seal (FFS)
- Cleanaway: an ASX 200 household name buying compostable bags for domestic and industrial waste management
- Storopak: significant sales growth potential post approval of SECOS' compostable film for its Padlock brand FFS
- Breville: Australian household name taking compostable bags to collect fruit and vegetable 'mashings', with future growth linked to success of the Breville juicer
- Costco: taking organic waste bags supplied with the Biofina kitchen caddy

OUTLOOK

Throughout 2017 and into 2018, SECOS has experienced growing levels of interest in its products, particularly its innovative Biohybrid films and resins.

Having raised \$1.27 million during the June quarter, SECOS will more aggressively pursue further growth to capitalize on this rising inbound interest in its eco-friendly products.

SECOS intends to continue to review its cost base while pursuing top line growth through selling more products more efficiently, reaping productivity benefits which should drive more attractive group margins.

CORPORATE**Board Appointment**

Donald F. Haller Jr was appointed a Non-Executive Director of the Company on 1 September 2016. Mr Haller is a major shareholder of a key distributor of SECOS products in the USA, and the appointment strengthened the strategic relationship with SECOS and supports continued growth in the US market.

Akronn Divestment

In April, SECOS received confirmation that escrow conditions in relation to the divestment of its equity interest in Akronn Industries Sdn Bhd (Akronn) are no longer required. As announced in June 2016, the Company had entered into a share sale agreement (Agreement) for the disposal of its 50.8% equity interest in Akronn, a manufacturer of silicone coated film products in Malaysia, to Itasa Servicios Generales SL (ITASA), a Spanish manufacturer of high quality release liners.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Group occurred during the year.

1. On 5 July 2016, the Company issued 241,208 fully paid ordinary shares to two of its directors - M/s Tegoni and Haines, in lieu of the part payment of their respective remuneration for the quarter ending 30 June 2016. The shares were issued at an issue price of \$0.106/share, which was determined based on the volume weighted average sale price of SECOS share for June 2016 Quarter.
2. In August, SECOS completed a placement of 12,720,562 ordinary shares and raised \$1,043,086. The majority of the investment in the Placement was made by Mr Don Haller Jr. and parties introduced by Mr Haller. The shares under the Placement were issued pursuant to the Company's 15% and 10% placement capacities.
3. In September, SECOS issued 382,342 shares and raised a further \$31,352 under the placement. The shares under the Placement were issued pursuant to the Company's 10% placement capacity.
4. On 6 October 2016, the Company issued 271,973 fully paid ordinary shares to two of its directors - M/s Tegoni and Haines, in lieu of the part payment of their respective remuneration for the quarter ending 30 September 2016. The shares are issued at an issue price of \$0.088/share. The share issue price has been determined based on volume weighted average sale price of SECOS shares for September 2016 Quarter.
5. On 29 November 2016, following approval by shareholders at the Annual General Meeting held on 18 November 2016, the Company issued and allotted 833,333 ordinary shares to Group Chief Financial Officer- Mr Edmond Tern. Shares have been issued at an issue price of \$0.06/share. The share issue price was determined based on 75% of volume weighted average sale price of SECOS shares over last 5 trading days.
6. In December, SECOS raised \$995,758 through the issue of two-year convertible notes before costs to sophisticated investors. The Company has immediately put proceeds of the issue to work in funding additional working capital to meet strong demand from international markets, notably the US and Japan.
7. On 4 January 2017, the Company issued 213,816 fully paid ordinary shares to two of its directors - M/s Richard Tegoni and Don Haller Jr., in lieu of the part payment of their respective remuneration for the quarter ending 31 December 2016. The shares were issued at an issue price of \$0.076/share. The share issue price has been determined based on volume weighted average sale price of SECOS shares for December 2016 Quarter.
8. On 10 April 2017, the Company issued 200,125 fully paid ordinary shares to two of its directors - M/s Richard Tegoni and Donald Haller Jr, in lieu of the part payment of their respective remuneration for the quarter ending 31 December 2016. The shares were issued at an issue price of \$0.081/share. The share issue price has been determined based on volume weighted average sale price of SECOS shares for the March 2017 quarter.
9. On 10 April 2017, the Company issued 342,857 fully paid ordinary shares under Share Placement Plan to NWR Communications, in lieu of cash payment for consultancy services. The shares were issued at an issue price of \$0.07/share.

EVENTS AFTER THE REPORTING DATE

On 4 July 2017, the Company issued 5,087,500 fully paid ordinary shares under Share Purchase Plan at an issue price of \$0.08/share raising \$407,000 for working capital purposes.

On 5 July 2017, the Company issued 174,169 fully paid ordinary shares to two of its directors - M/s Richard Tegoni and Donald Haller Jr, in lieu of the part payment of their respective remuneration for the quarter ending 30 June 2017. The shares were issued at an issue price of \$0.093/share. The share issue price has been determined based on volume weighted average sale price of SECOS shares for the June 2017 Quarter.

On 17 July 2017, the Company issued 10,740,500 fully paid ordinary shares under a Share Placement Plan at an issue price of \$0.08/share raising \$859,240 for working capital purposes.

FUTURE DEVELOPMENTS

SECOS will continue to focus on its principal business activities with its sustainable packaging strategy and waste management solutions.

ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulations under the law of the Commonwealth or the States.

INFORMATION ON DIRECTORS

Richard Tegoni

Executive Chairman

Experience and qualifications

Richard first joined the Board as Non-Executive Director on 21 December 2012. He was nominated as Non-Executive Chairman on 18 October 2013 before appointed as Executive Chairman effective 16 September 2014.

Richard had held executive positions with various private large companies with strong background in Finance & Banking, Sales and Marketing.

Richard has MBA (AGSM), Diploma in Financial Markets (SIA).

Special Responsibilities

Chairman of the Board of directors

Corporate Strategy and Capital Raisings

Member of Audit and Compliance committee

Interest in Shares & Options

6,863,725 Ordinary Shares

Directorships held in Other Listed Entities

Has not held a directorship in any other listed entity over the last 3 years

Stephen Walters

Managing Director

Experience and qualifications

Steve was appointed as Managing Director of the Group effective 21 April 2015. Steve has more than 20 years in the plastics and packaging industries in general management, commercial and sales roles with Borden Chemical, ICI Australia and Orica.

He has a B.Busi (Marketing).

Special Responsibilities

Responsible for the general management of the Group.

Member of Audit and Compliance committee

Interest in Shares & Options

28,831,268 Ordinary Shares

Directorships held in Other Listed Entities

Has not held a directorship in any other listed entity over the last 3 years

Trevor Haines

Director of Corporate Development

Experience

Trevor became an executive director on 21 April 2015 and had served as Group Chief Financial Officer until 31 July 2016.

Trevor has more than 20 years of senior accounting and financial management roles in various divisions of ICI Australia, AVC and Orica.

He is a qualified CPA with B.Com, FCPA.

Experience and qualifications

Assumed the role of Corporate Development Director effective 1 August 2016

Special Responsibilities

Member of Audit and Compliance committee

Interest in Shares & Options

29,369,225 Ordinary Shares

Directorships held in Other Listed Entities

Has not held a directorship in any other listed entity over the last 3 years

Donald Haller Jr.

Non-Executive Director

Experience and qualifications

Appointed 1 September 2016

Don has a distinguished background in accounting as a former partner of major international accounting firm in USA before venturing in management consulting as a leading professional consultant.

Don is a qualified US Certified Practicing Accountant.

Special Responsibilities

Non-Executive Director

Member of Audit and Compliance committee

Interest in Shares & Options

11,448,723 Ordinary Shares

Directorships held in other Listed Entities

Has not held a directorship in any other listed entity over the last 3 years.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and the Audit and Compliance Committee held during the year ended 30 June 2017 and the number of meetings attended by each Director.

Director	Board Meetings		Audit & Compliance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R Tegoni	12	12	2	2
S Walters	12	12	2	2
T Haines	12	12	2	2
D Haller Jr	10	10	2	2

REMUNERATION REPORT (AUDITED)

Remuneration Policy

The Group's policy for determining the nature and amount of remuneration of board members and senior executives of the Group is as follows:

- The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service and particular experience of the individual concerned.
- All key management personnel receive a base salary and superannuation and/or equivalent.
- Remuneration consultants have not been used in assessing and calculating Director and Key Management personnel remuneration in the year.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Termination payments are generally not payable on resignation or dismissal for serious misconduct. Termination payments cannot exceed more than 1 year's base salary as required by *Corporations Act 2001*.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board collectively determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, and duties and accountability.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the General Meeting held on 7 July 2009, where the shareholders approved an aggregate remuneration of \$220,000.

The resolution to adopt the remuneration report for the year ended 30 June 2016 was passed at the 2016 Annual General Meeting ("AGM"), which occurred on 18 November 2016.

Although no executive options are currently on issue, any options issued in the future and not exercised before or on the date of termination will automatically lapse.

REMUNERATION REPORT (continued)

The key management personnel of the Group consisted of the following persons:

Group Key Management Personnel	Position held as at 30 June 2017 and any change during the year	Contract Details (Duration & Termination)	Proportions of remuneration package not related to performance at 30 June 2017	Proportions of remuneration package not related to performance at 30 June 2016
Executive Directors				
Richard Tegoni	Executive Chairman	Letter of appointment	100%	100%
Stephen Walters	Managing Director	Executive Service Agreement 3 months' termination notice period	100%	100%
Trevor Haines	Corporate Development Director	Executive Service Agreement 3 months' termination notice period	100%	100%
Non-Executive Directors				
Donald Haller Jr	Non-Executive Director	Letter of appointment.	100%	100%
Company Secretary				
Edmond Tern	Chief Financial Officer and Company Secretary	Executive Service Agreement. 3 months' termination notice period	100%	100%

Terms of employment require that the relevant group entity provide the contracted person with a minimum period of notice (one to three months) prior to termination of contract. Similarly, a contracted person has to provide minimum period notice (one to three months) prior to the termination of their contract. In the instance of serious misconduct the Company can terminate employment at any time.

Changes in Directors and Executives during the year

- For the current financial year, R Morgan, K Ong, Yi Chen and C Chen fell outside of the reporting criteria required for inclusion in key management personnel disclosures. Key management personnel are defined by the Board of Directors as personnel who have significant influence over the Group's strategic plan.
- Effective 29 July 2016, Dr. Frank Glatz resigned as a Director of SECOS Group and CEO of Cardia Bioplastics. Frank's role as CEO of Cardia Bioplastics will be absorbed by Stephen Walters, SECOS Group's Managing Director.
- Effective 1 August 2016, Mr Edmond Tern was appointed as Chief Financial Officer of the Company. Edmond has replaced Trevor Haines as CFO. Trevor transitioned to a Corporate Development role charged with expanding sales of the Company's sustainable bioplastic technology to key customers and continues to serve on the Board.

REMUNERATION REPORT (continued)

- Effective 1 September 2016, Mr Donald F. Haller Jr was appointed as a Non-Executive Director of the Company.
- Effective 6 March 2017, Mr Edmond Tern replaced Ms Rekha Bhambhani as Company Secretary.

Name	Fin Year	Short Term Benefits	Post-employment Benefits	Long Term Benefits	Share-based Payments	Termination Benefits	Total
		Salary, fees and leave	Pension and Super-annuation	LSL	Shares Issued		
		\$	\$	\$	\$		
Non-Executive Director							
D Haller Jr	2017	17,500	-	-	11,250	-	28,750
D Haller Jr	2016	-	-	-	-	-	-
G Meltzer	2017	-	-	-	-	-	-
G Meltzer	2016	6,667	-	-	-	-	6,667
Executive Directors							
R Tegoni	2017	50,000	-	-	50,000	-	100,000
R Tegoni	2016	75,000	-	-	25,000	-	100,000
S Walters	2017	199,440	18,120	-	-	-	217,560
S Walters	2016	195,540	18,576	8,277	-	-	222,393
T Haines	2017	134,790	13,582	-	11,567	-	159,939
T Haines	2016	148,104	16,553	3,181	26,136	-	193,974
F Glatz	2017	16,545	1,572	25,630	-	50,000	93,747
F Glatz	2016	198,540	18,861	3,625	-	-	221,026
Key Management Personnel							
E Tern	2017	158,949	15,005	-	12,500	-	186,454
E Tern	2016	-	-	-	-	-	-
K Ong	2017	-	-	-	-	-	-
K Ong	2016	118,491	14,219	-	-	-	132,710
R Bhambhani	2017	87,378	7,531	19,509	-	32,347	146,765
R Bhambhani	2016	100,000	9,500	1,825	-	-	111,325
R Morgan	2017	-	-	-	-	-	-
R Morgan	2016	174,720	16,598	9,355	-	-	200,673
Y Chen	2017	-	-	-	-	-	-
Y Chen	2016	82,641	34,239	-	-	-	116,880
C Chen	2017	-	-	-	-	-	-
C Chen	2016	68,289	-	-	-	-	68,289
Total	2017	664,602	55,810	45,139	85,317	82,347	933,215
Total	2016	1,167,992	128,546	26,263	51,136	-	1,373,937

REMUNERATION REPORT (continued)

Share based payments are shares issued in lieu of cash remuneration and were not based on performance. Details of the share issues during the year are provided below:

- **On 5 July 2016**, the Company issued 241,208 fully paid ordinary shares to two of its directors - M/s Tegoni and Haines, in lieu of the part payment of their respective remuneration for the quarter ending 30 June 2016. Mr. Tegoni had agreed to accept 50% of his quarterly remuneration (\$12,500) to be paid in Shares and Mr. Haines had agreed to accept 30% of his quarterly remuneration (\$13,068) to be paid in Shares. The shares were issued at an issue price of \$0.106/share, which was determined based on the volume weighted average sale price of SECOS shares for June 2016 Quarter.
- **On 6 October 2016**, the Company issued 271,973 fully paid ordinary shares to two of its directors - M/s Tegoni and Haines, in lieu of the part payment of their respective remuneration for the quarter ending 30 September 2016. Mr. Tegoni had agreed to accept 50% of his quarterly remuneration (\$12,500) to be paid in Shares and Mr. Haines had agreed to accept 30% of his quarterly remuneration (\$11,527) to be paid in Shares. The shares were issued at an issue price of \$0.088/share, which was determined based on the volume weighted average sale price of SECOS shares for September 2016 Quarter.
- **On 29 November 2016**, the Company issued 833,333 fully paid ordinary share to Mr Edmond Tern, Group Chief Financial Officer, at 75% of volume weighted average sale price of SECOS shares over 5 trading days prior, effectively a discounted benefit of \$12,500 as sign-on incentive. These shares were approved by shareholders at the Announce General Meeting held on 18 November 2016.
- **On 4 January 2017**, the Company issued 213,816 fully paid ordinary shares to two of its directors - M/s Tegoni and Haller, in lieu of the part payment of their respective remuneration for the quarter ending 31 December 2016. Mr. Tegoni had agreed to accept 50% of his quarterly remuneration (\$12,500) to be paid in Shares and Mr. Haller had agreed to accept 50% of his quarterly remuneration (\$3,750) to be paid in Shares. The shares were issued at an issue price of \$0.076/share, which was determined based on the volume weighted average sale price of SECOS shares for December 2016 Quarter.
- **On 10 April 2017**, the Company issued 200,123 fully paid ordinary shares to two of its directors - M/s Tegoni and Donald Haller Jr, in lieu of the part payment of their respective remuneration for the quarter ending 31 March 2017. Mr. Tegoni had agreed to accept 50% of his quarterly remuneration (\$12,500) to be paid in Shares and Mr. Haller had agreed to accept 50% of his quarterly remuneration (\$3,750) to be paid in Shares. The shares were issued at an issue price of \$0.081/share, which was determined based on the volume weighted average sale price of SECOS shares for March 2017 Quarter.
- **On 5 July 2017**, the Company issued 174,169 fully paid ordinary shares to two of its directors - M/s Tegoni and Donald Haller Jr, in lieu of the part payment of their respective remuneration for the quarter ending 30 June 2017. Mr. Tegoni had agreed to accept 50% of his quarterly remuneration (\$12,500) to be paid in Shares and Mr. Haller had agreed to accept 50% of his quarterly remuneration (\$3,750) to be paid in shares. The shares were issued at an issue price of \$0.093/share, which was determined based on the volume weighted average sale price of SECOS shares for June 2017 Quarter.

The issue of these shares to Directors was approved by shareholders at the Annual General Meeting held on 18 November 2016 (Resolutions 6 & 9).

Cash Bonuses, Performance-related Bonuses

There was no performance related remuneration paid during the year.

REMUNERATION REPORT (continued)**Options Issued as part of remuneration for the year ended 30 June 2017**

No options were issued during the year as part of remuneration.

a. Option Holdings**Number of Options Held by Key Management Personnel (Direct and Indirect Interest)**

There were no Options on issue during the current or prior year.

b. Share Holdings (Direct and Indirect)

	Opening Balance at 1 July 2016	Received as Compensation	Net Change Other *	Change as a result of resignation	Closing Balance at 30 June 2017
R. Tegoni	6,098,395	578,385	186,945	-	6,863,725
S. Walters	28,664,835	-	166,433	-	28,831,268
T. Haines	28,949,026	254,272	165,927	-	29,369,225
E Tern	-	-	1,020,833	-	1,020,833
D. Haller Jr	-	95,524	11,353,199	-	11,448,723
F Glatz ¹	219,530	-	-	(219,530)	-
R. Bhambhani ²	15,000	-	-	(15,000)	-

* Net Change Other in Shares refers to Shares purchased and/or sold during the financial year

Other Transactions with Key Management Personnel

Stellar Directors related entities have advanced amounts to that Company for working capital purposes. As part of merger negotiations, on 31 March 2015, these entities have entered into respective loan agreements with Stellar for the amounts advanced. Pursuant to the loan agreements, loan amount advanced are on an unsecured basis and will be repayable after 2 years after the merger completion date i.e. 21 April 2017, with SECOS having further discretion to extend the loan term for a further 12 months period. Loans will attract interest at bank market rates for the term. Any early repayment of these loans is at the discretion of SECOS Board.

The following balances are outstanding at the reporting date in relation to above loans from the related parties:

	2017 \$	2016 \$
Stephen Walters	77,388	89,389
Trevor Haines	140,696	123,902
Robert Morgan	-	72,763
TOTAL	218,084	286,054

This concludes the remuneration report, which has been audited.

¹ F Glatz resigned on 27 July 2016

² R Bhambhani resigned on 6 March 2017

REMUNERATION REPORT (continued)**OPTIONS**

At the date of this report there were no unissued ordinary shares of the Company under option and no shares were issued on exercise of options or up to the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS & OFFICERS

The Company has agreed to indemnify all the current Directors and Officers of the Company and of its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Company agrees to meet the full amount of any such liabilities, including costs and expenses.

The Company has paid an annual premium to insure the Directors' and Officers against liabilities incurred in their respective capacities. Under the policy, details of the premium are confidential.

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 for leave of court 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.

NON-AUDIT SERVICES

During the year, the Company had engaged the R&D consultancy division of its auditor to assist with filing of the R&D incentive application with Aus Industry in addition to their statutory audit duties. Total fees charged for non-audit services were \$11,800. (FY16: \$nil). The directors are satisfied that the provision of these non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of the non-audit service provided means that auditor independence was not compromised.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2017 is attached to the Directors' Report.

This report of the Directors incorporating the Remuneration Report is signed in accordance with a Resolution of the Board of Directors.



Richard Tegoni
Director

31 August 2017
Mount Waverley, Victoria



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SECOS GROUP LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2017 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit [Vic] Pty Ltd
ABN 59 116 151 136

N. S. Benbow

N. S. Benbow
Director

Dated this 31st day of August, 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Notes	Economic Entity	
		2017 \$	2016 \$
Sales	3	22,364,976	21,251,061
Cost of sales		(19,855,572)	(19,822,079)
Gross profit		2,509,404	1,428,982
Other Income	3	107,171	281,126
Employment expense		(2,959,443)	(3,158,594)
Administration expense		(935,395)	(1,041,969)
Depreciation expense		(388,240)	(352,364)
Finance costs		(384,772)	(393,943)
Occupancy costs		(167,703)	(201,570)
Marketing and distribution expenses		(436,131)	(317,825)
Other expenses		(291,463)	(574,627)
Loss before income tax		(2,946,572)	(4,330,784)
Income tax expense	5	(2,598)	(279,704)
Loss for the period from continuing operations		(2,949,170)	(4,610,488)
Loss for the year from discontinued operations after Tax	6	-	(341,316)
Loss for the year after tax		(2,949,170)	(4,951,804)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to the profit or loss in subsequent periods (net of tax)</i>			
Foreign currency translation differences for foreign operations		(109,411)	(88,094)
<i>Other comprehensive income not to be reclassified to the profit or loss in subsequent periods (net of tax)</i>			
Revaluation of land and buildings		1,751,867	-
Total comprehensive income for the year		(1,306,714)	(5,039,898)
Loss attributable to:			
Members of the Company		(2,949,170)	(4,958,162)
Non-controlling Interest		-	6,358
Loss for the year after tax		(2,949,170)	(4,951,804)
Total comprehensive income attributable to:			
Members of the Company		(1,306,714)	(5,046,256)
Non-Controlling Interest		-	6,358
Total comprehensive income for the year		(1,306,714)	(5,039,898)
Loss per share			
From continuing and discontinued operations			
-Basic / diluted loss per share	9	\$(0.018)	\$(0.038)
From continuing operations			
-Basic / diluted loss per share	9	\$(0.018)	\$(0.035)
From discontinuing operations			
-Basic / diluted loss per share	9	-	\$(0.003)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 JUNE 2017

	Notes	Economic Entity	
		2017	2016
		\$	\$
Current Assets			
Cash and cash equivalents	10	1,823,537	1,343,293
Trade and other receivables	11	3,830,377	2,982,022
Inventories	12	1,661,584	2,606,413
Prepayments		579,100	114,923
Total Current Assets		7,894,598	7,046,651
Non-Current Assets			
Other receivables		-	116,729
Financial assets		13,681	-
Advances for plant and equipment		-	76,536
Property, plant and Equipment	13	4,243,754	2,798,736
Intangible assets	14	3,532,345	3,532,345
Total Non-Current Assets		7,789,780	6,524,346
Total Assets		15,684,378	13,570,997
Current Liabilities			
Trade and other payables	15	3,957,699	4,151,854
Borrowings	16	3,515,725	3,006,931
Short term provisions	17	951,549	925,777
Total Current Liabilities		8,424,973	8,084,562
Non-Current Liabilities			
Borrowings	16	1,441,826	594,737
Long term provisions	18	84,931	67,957
Deferred Tax Liabilities		78,591	-
Total Non-Current Liabilities		1,605,348	662,694
Total Liabilities		10,030,321	8,747,256
Net Assets		5,654,057	4,823,741
Equity			
Issued Capital	19	14,616,474	12,479,444
Reserves	20	1,593,564	(48,892)
Accumulated Losses		(10,600,398)	(7,651,228)
Parent Entity Interest		5,609,640	4,779,324
Non-Controlling Interest		44,417	44,417
Total Equity		5,654,057	4,823,741

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Issued Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Asset Revaluation reserve	Parent Entity Interest	Non- Controlling Interests	Total Equity
	\$	\$	\$		\$	\$	\$
Balance at 1.07.2016	12,479,444	(7,651,228)	(48,892)	-	4,779,324	44,417	4,823,741
Loss for the Year	-	(2,949,170)	-	-	(2,949,170)	-	(2,949,170)
Other Comprehensive income for the year	-	-	(109,411)	1,751,867	1,642,456	-	1,642,456
Total comprehensive income / (loss) for the year	-	(2,949,170)	(109,411)	1,751,867	(1,306,714)	-	(1,306,714)
Shares issued during the year net of costs	2,137,030	-	-	-	2,137,030	-	2,137,030
Balance at 30.06.2017	14,616,474	(10,600,398)	(158,303)	1,751,867	5,609,640	44,417	5,654,057
Balance at 1.07.2015	10,549,724	(2,693,066)	39,202	-	7,895,860	38,059	7,933,919
Loss for the Year	-	(4,958,162)	-	-	(4,958,162)	6,358	(4,951,804)
Other Comprehensive deficit for the year	-	-	(88,094)	-	(88,094)	-	(88,094)
Total comprehensive income/(loss) for the year	-	(4,958,162)	(88,094)	-	(5,046,256)	6,358	(5,039,898)
Shares issued during the year net of costs	1,929,720	-	-	-	1,929,720	-	1,929,720
Balance at 30.06.2016	12,479,444	(7,651,228)	(48,892)	-	4,779,324	44,417	4,823,741

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Notes	Economic Entity	
		2017	2016
		\$	\$
Cash Flows from Operating Activities			
Receipts from customers		21,336,739	21,440,688
Payments to suppliers and employees		(23,646,002)	(24,516,694)
Interest received		3,551	13,649
Finance Costs		(384,772)	(373,083)
Net Cash Outflow from Operating Activities	26	(2,690,484)	(3,435,440)
Cash Flows from Investing Activities			
Purchase of plant and equipment		(199,187)	(100,493)
Proceeds on disposal of equity interest in joint venture		-	101,714
Advance payment for purchase of plant and equipment		-	(76,537)
Investments in financial assets		(13,681)	-
Proceeds from sale of financial assets		-	488,280
Net Cash Outflow from Investing Activities		(212,868)	412,964
Cash Flows from Financing Activities			
Proceeds from borrowings		2,211,139	1,570,573
Repayment of borrowings		(719,637)	(987,779)
Proceeds from issues of ordinary shares (net of costs)		2,027,713	1,904,150
Repayment of finance lease liability		-	(10,570)
Loans to related parties		-	(443,030)
Net Cash Inflow from Financing Activities		3,519,215	2,033,344
Net decrease in cash and cash equivalents Held		612,863	(989,132)
Cash and cash equivalents at the beginning of the financial year		1,210,674	2,199,806
Cash and Cash Equivalents at the end of the financial year	10	1,823,537	1,210,674

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SECOS Group Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. SECOS Group Limited and its subsidiaries together are referred to in these financial statements as the 'economic entity' or 'the group'.

SECOS Group Limited is a listed public company, incorporated and domiciled in Australia. The Company is for-profit entity for accounting purposes.

The Financial statements were authorized for issue on **31 August 2017** by the Board of Directors.

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern Assumption

The Consolidated Group's revenue and gross profit from sales has been insufficient to cover operational costs of the business and hence the company has incurred a net loss of \$2,949,170 during the year ended 30 June 2017 (2016: Loss \$4,951,804) and also experienced net cash outflows from operating activities of \$2,690,484 during the year ended 30 June 2017 (2016: \$3,435,440). The Group's continuing viability, its ability to continue as a going concern and its ability to meet its debts and commitments as and when they fall due, are subject to the company being successful in:

- **Accessing additional capital/debt** - The Company has a track record of raising capital; during the 12 months to June 2017, the Group successfully raised approximately \$2.0 million through a share purchase plans and share placements.
- **Continuing to develop profitable cash flows from current activities** - The Group has been working on a number of development projects with global brand owners and international packaging companies. Some of these projects are in commercial negotiations and others have advanced to "in-market trial" stages. While no assurances can be given, it is expected that with successful outcomes, these development projects could significantly contribute positively to the group's cash flows. The Group has already been successful in converting some of these development projects to commercial orders, the details of which have been communicated via the Company's ASX announcements.

Moreover, SECOS' Board is continuously seeking and have put measures in place to redirect resources to activities that are cash-flow positive in the short-term.

- **Re-negotiation of loans and borrowings in Malaysia** – Currently the Group are in negotiations with financial institutions in Malaysia to secure a long term funding arrangement to replace the current facility held in Malaysia which is on a six month rolling basis. The loan of approximately \$1 million is secured against the land and buildings owned in Malaysia, which have been revalued during the year to \$3.3 million.
- **Controlling costs**-The Group will continue to look for avenues to reduce costs as it develops its operations.
- **Ability to divest non-core assets to increase cash position** - The Group may consider divesting some of its non-core assets, the proceeds of which would yield a net inflow to future cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Directors are seeking to raise funds via capital raising and/or debt and in line with the above matters have prepared the financial report on a going concern basis. At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the Financial Report.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

a. Principles of Consolidation

Subsidiaries are all those entities over which the consolidated entity has control. The economic entity controls an entity when the economic entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between entities in the economic entity are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognized directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the economic entity loses control over a subsidiary, it derecognizes the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognized in equity. The consolidated entity recognizes the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. A list of controlled entities is contained in Note 22 to the financial statements.

b. Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortized. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Goodwill is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of. Changes in the ownership interests in a subsidiary that do not result in a change in control are accounted for as equity transactions and do not affect the carrying values of goodwill.

c. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the end of the reporting period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognized to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilized.

The amount of benefits brought to account or which may be realized in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realized and comply with the conditions of deductibility imposed by the law.

d. Discontinued operations

A discontinued operation is a component of the economic entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

e. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

f. Property, Plant and Equipment

Land and buildings are measured at fair value being the amount which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Any gain recognized on an upward revaluation is taken to the revaluation reserve in equity. Impairment losses are recognized through the Statement of Profit or Loss and Other Comprehensive Income to the extent that they are in excess of any previous revaluations, which have been recorded in equity. This is a change in accounting policy applied prospectively under AASB 116 Property Plant and Equipment. In the prior period Land and Buildings were held at cost.

Plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Building	2.00%
Plant and Machinery	10% to 33%
Office Equipment and Motor Vehicles	7.5% to 40%
Leasehold Improvements	2.50%

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement profit or loss and other comprehensive income.

g. 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 principle 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 interest. 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Land and building valuations are based on independent third party valuations and classified as Level 3.

h. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalized. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**i. Financial Instruments****Initial recognition and measurement**

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset. (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortized cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortized cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortization of the difference, if any, between the amount initially recognized and the maturity amount calculated using the effective interest method;
- d. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

i) Loans and receivables

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortized cost using the effective interest rate method.

ii) Financial Liabilities

Non-derivative financial liabilities comprising trade and other payables are recognized at amortized cost, comprising original debt less principal payments and amortization.

Impairment

At the end of each reporting period, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognized in the statement of profit or loss including the cumulative losses that had been recognized directly in equity.

Receivables are impaired after taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Derecognition

Financial assets are derecognized where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognized in profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**j. Impairments of Non-Financial Assets**

At the end of each reporting period, the group 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 assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

k. Foreign Currency Transactions and Balances**Functional and presentation currency**

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognized in the statement of profit or loss and other comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognized directly in other comprehensive income to the extent that the gain or loss is directly recognized in other comprehensive income; otherwise the exchange difference is recognized in the statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of reporting period.
- Income and expenses are translated at average exchange rates for the period. The average rate is only used where the rate approximates the rate at the date of transaction.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognized in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

l. Borrowings

Loans and borrowings are initially recognized at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

m. Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**n. Employee Benefits***Short-term employee benefits*

Liabilities for wages and salaries, including, annual leave and long service leave expected to be wholly settled within 12 months of the reporting date are recognized in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are recognized in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

o. Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measurable using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

p. 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.

q. Revenue

Revenue from the sale of goods is recognized upon transfer of significant risks and rewards of ownership of goods to customers which normally occurs on the delivery of goods to customers.

Interest revenue is recognized on a proportional basis taking into account the interest rates applicable to the financial assets.

R&D Tax Credits in respect of qualified research and development expenditure are recognized as revenue in the year once where there is reasonable assurance that the R&D Tax Credits will be received and all qualifying conditions are met.

r. Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognized net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognized 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**s. Loss per share*****Basic loss per share***

Basic loss per share is calculated by dividing the profit attributable to the owners of SECOS Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year

Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

t. Critical Accounting Estimates, Judgements 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.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence. No provision for impairment has been recorded during the year.

Estimation of useful lives of assets

The economic entity determines the estimated useful lives and related depreciation and amortization charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortization charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Fair value of land and buildings

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and were based on proprietary databases of active market prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation, on 1 June 2017 the properties' fair values are based on valuations performed by KGV International Property Consultants (M) Sdn Bhd, an accredited independent valuer who has valuation experience for similar properties in Malaysia.

Goodwill and other indefinite life intangible assets

The economic entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**u. New Accounting Standards and interpretations issued for Application in Future Periods****i) Changes in accounting policy and disclosures**

SECOS has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards (AASB) that are mandatory for the current reporting period. The adoption of these new standards has not had a material impact on the Group.

ii) Accounting standards and interpretations issued but not yet effective

Standard	Mandatory date for annual reporting periods beginning on or after)	Reporting period standard adopted by the company
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	1 July 2017
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	1 July 2017
AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle	1 January 2017	1 July 2017
AASB 9 Financial Instruments and related standards	1 January 2018	1 July 2018
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2018	1 July 2018
AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	1 July 2018
AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018	1 July 2018
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019	1 July 2019
AASB 16 - Leases	1 January 2019	1 July 2019

Management are currently assessing the impact of these new standards on the Group and have commenced an analysis on the impact of AASB 15 – Revenue from Contracts with Customers. At the date of writing management do not expect this standard, to have a material effect on the position of the Group. Management anticipate that over the course of the next 12 months, new supply agreements entered into with the customers will be evaluated by the Group on an individual basis. Management also confirms that there are no rebates arrangements with the customers. The Group plan to adopt the modified retrospective approach.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management has also considered the impact of AASB 16 - Leases and note based on the analysis performed there would be a material impact on the Group. The Group is currently in the process of performing an analysis of identifying leases signed between the Group and various third parties. However, it is expected that the operating and lease commitments identified in Note 24 to the financial report will be required to be included in the Consolidated Statement of Finance Position when the standard becomes effective. Following the implementation of the standard the rental expense currently recognised in administration related expenses will be replaced by an amortisation charge in the statement of profit or loss and other comprehensive income.

NOTE 2 PARENT ENTITY

	2017 \$	2016 \$
The following information has been extracted from the books and records of the parent ("SECOS Group Limited") and has been prepared in accordance with Australian Accounting Standards.		
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	522,515	674,493
Non-current assets	27,918,951	26,259,966
TOTAL ASSETS	28,441,466	26,934,459
LIABILITIES		
Current liabilities	1,012,826	873,582
Non-current liabilities	938,573	-
TOTAL LIABILITIES	1,951,399	873,582
EQUITY		
Issued capital	63,129,952	61,494,732
Accumulated losses	(35,433,854)	(35,433,855)
TOTAL EQUITY	27,696,098	26,060,877
STATEMENT OF COMPREHENSIVE INCOME		
Loss for the year after tax	(1,206,031)	(1,276,942)
Total comprehensive income	(1,206,031)	(1,276,942)

Guarantees

SECOS Group Limited has provided guarantees to third parties in relation to the performance and obligations of controlled entities in respect to banking & finance facilities and credit facilities. The guarantees are for the terms of the facilities. The period covered by guarantees range from 3 to 5 years are up to amounts of \$2,024,982 (2016: \$2,017,000).

Contingent liabilities

SECOS Group Limited had no contingent liabilities as at 30 June 2017. (2016: NIL).

Contractual commitments

At 30 June 2017, SECOS Group Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2016: NIL).

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for investments in subsidiaries that are accounted for at cost, less any impairment, in the parent entity.

NOTE 3 REVENUE

	Economic Entity	
	2017	2016
	\$	\$
Revenue		
Sales revenue	22,364,976	21,251,061
Total sales revenue	22,364,976	21,251,061
Other Income		
Interest	2,896	13,923
Research & Development Tax Incentive	-	198,329
Recovery from insurance	104,275	68,874
Total other income	107,171	281,126

As the Company's total revenue was greater than \$20 million in the year ended 30 June 2016 the Group was no longer eligible for the R&D tax concession refund to be paid in cash.

NOTE 4 LOSS FOR THE YEAR

	Economic Entity	
	2017	2016
	\$	\$
The Loss before income tax includes the following items of expenses		
Expenses		
Rental expenses relating to operating leases	418,554	355,489
Research, development, and patent costs	482,096	649,327
Depreciation	388,240	352,364
Staff restructuring	197,825	-
Superannuation expense	54,172	41,612

NOTE 5 INCOME TAX

The directors estimate the potential deferred income tax assets in respect of tax losses not brought to account is:

	Economic Entity	
	2017	2016
	\$	\$
Tax losses carried forward	8,101,477	7,355,031

Deferred tax assets have not been brought to amount as it is not currently considered probable that future taxable profit will be available against which such assets could be utilized.

	Parent (Stellar)	
	2017	2016
The amount of the franking credits available for subsequent reporting periods are:		
Opening Balance	460,155	460,155
Closing Balance	460,155	460,155

The above amounts represent the balance of the franking account as at the end of the financial year available to Stellar Films (Group) Pty Ltd.

NOTE 6 DISCONTINUED OPERATIONS

A controlled entity, Stellar Films (Malaysia) Sdn Bhd had a **50.8%** equity interest Joint venture entity - Akronn Industries. Akronn Industries is incorporated in Malaysia and its principal activity is manufacture and distribution of silicone coated paper and film products.

The disposal of equity interest in Akronn Joint Venture was completed on 21 June 2016.

Financial information relating to the discontinued operation was fully disclosed in prior period financials.

NOTE 7 KEY MANAGEMENT PERSONNEL COMPENSATION

Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are included in the "REMUNERATION REPORT".

Key management personnel remuneration details have been included in the Remuneration Report section of the Directors Report.

	2017	2016
	\$	\$
Short-term employee benefits	664,602	1,167,992
Post-employment benefits	55,810	128,546
Long-term benefits	45,139	26,263
Share based payment	85,317	51,136
Termination payments	82,347	-
	933,215	1,373,937

NOTE 8 REMUNERATION OF AUDITORS

	2017	2016
	\$	\$
Remuneration of the auditor of the parent entity for		
- auditing or reviewing the financial statements	66,000	72,000
- other services	11,800	-
Remuneration of other auditors of subsidiaries for:		
- auditing or reviewing the financial statements of subsidiaries	7,031	7,017
	84,831	79,017

NOTE 9 LOSS PER SHARE

	2017 \$	2016 \$
a) Reconciliation of losses used to calculate earnings per share		
Loss for the year from continuing & discontinuing operations	(2,949,170)	(4,958,162)
Profit attributable to non-controlling interest	-	6,358
Loss used to calculate basic/diluted EPS	(2,949,170)	(4,951,804)
b) Reconciliation of losses used to calculate earnings per share		
Loss for the year from continuing operations	(2,949,170)	(4,616,846)
Profit attributable to non-controlling interest		6,358
Loss used to calculate basic/diluted EPS	(2,949,170)	(4,610,488)
c) Reconciliation of losses used to calculate earnings per share		
Loss for the year from discontinuing operations	-	(341,316)
(Loss)/Profit attributable to non-controlling interest	-	-
Loss used to calculate basic/diluted EPS	-	(341,316)
d) Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	Number	Number
	161,624,176	130,143,555

NOTE 10 CASH AND CASH EQUIVALENTS

	2017 \$	2016 \$
Cash at bank and on hand	1,823,537	1,343,293
	1,823,537	1,343,293

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Note	2017 \$	2016 \$
Cash and cash equivalents		1,823,537	1,343,293
Bank Overdrafts	16	-	(132,619)
		1,823,537	1,210,674

NOTE 11 TRADE AND OTHER RECEIVABLES

	2017 \$	2016 \$
Current		
Trade Receivables	3,717,130	2,605,594
Less: provision for impairment	(308,817)	(178,447)
	3,408,313	2,427,147
Research and development tax refund receivable	-	198,329
Other receivables	422,064	356,546
	3,830,377	2,982,022

Provision for Impairment of Receivables

Current trade receivables are non-interest bearing and are generally on 30-day terms. A provision for impairment is recognized when there is objective evidence that an individual trade receivable is impaired. These amounts have been disclosed as a separate line item in the statement of profit or loss and other comprehensive income. Receivables are impaired if aged more than 365 days.

On the above basis, the Directors have deemed necessary to impair trade receivables by a further **\$130,370** (2016: \$31,694) at the reporting date.

Movement in the provision for impairment of receivables is as follows:

2017	Opening Balance 1.7.2016	Charge for the Year	Amounts Written Off	Closing Balance 30.06.2017
Economic Entity	\$	\$	\$	\$
Current Trade & Other Receivables	178,447	130,370	-	308,817

2016	Opening Balance 1.7.2015	Charge for the Year	Amounts Written Off	Closing Balance 30.06.2016
Economic Entity	\$	\$	\$	\$
Current Trade & Other Receivables	146,753	123,622	(91,928)	178,447

Trade Receivables	Gross Amount	Past due and Impaired	Past due but not impaired (days overdue)				Within terms
			<30	31-60	61-90	>90	
2017	3,717,130	308,817	938,702	347,510	84,380	88,465	1,949,256
2016	2,427,147	178,447	399,028	253,733	244,165	82,021	1,448,200

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

Collateral Pledged

A security over trade receivables has been provided for certain debt. Refer to Note 16 for further details.

NOTE 12 INVENTORIES

	Note	2017 \$	2016 \$
Current			
Raw materials including work in progress		1,173,125	1,123,127
Finished goods		488,459	1,483,286
TOTAL		1,661,584	2,606,413

Inventories are held at the lower of cost or net realizable value

NOTE 13 PLANT AND EQUIPMENT

		2017 \$	2016 \$
Land			
At fair value (2016: at cost)		1,718,912	252,105
Accumulated depreciation		-	-
Total Land		1,718,912	252,105
Buildings			
At fair value (2016: at cost)		1,573,856	2,143,968
Accumulated depreciation		(6,003)	(733,158)
Total Buildings		1,567,853	1,410,810
Leasehold Improvements			
At cost		182,680	182,680
Accumulated depreciation		(12,435)	(8,070)
		170,245	174,610
Plant & Machinery			
At cost		10,595,037	10,348,275
Accumulated depreciation		(9,928,868)	(9,508,940)
		666,169	839,335
Office & Other Equipments			
At cost		895,803	866,842
Accumulated depreciation		(775,228)	(744,966)
		120,575	121,876
Total Cost of Assets		14,966,288	13,793,870
Total Accumulated Depreciation		(10,722,534)	(10,995,134)
Written down value of assets		4,243,754	2,798,736

During the year ended 30 June 2017 the Company elected to change its accounting policy in respect of the carrying value of land and buildings from historical cost to fair value. Details of the accounting treatment in respect of this change have been disclosed in note 1.

NOTE 13 PLANT AND EQUIPMENT (continued)**Revaluation of Land and Buildings in Malaysia**

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and were based on proprietary databases of active market prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation, on 1 June 2017 the properties' fair values are based on valuations performed by KGV International Property Consultants (M) Sdn Bhd, an accredited independent valuer who has valuation experience for similar properties in Malaysia.

	\$
Land & Buildings	
Carrying amount as at 30 June 2017 if land and buildings were held at cost (including impact of foreign exchange)	1,456,309
Revaluation gain at fair value	1,830,456
Carrying amount and fair value as at 30 June 2017	3,286,765

Significant observable valuation input

The key inputs in determining the re-valuation are as follows;

Price per square metre – Range of between \$199 and \$326.

Significant increases (decreases) in the estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

Movement in Carrying Amounts

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year are set out below.

2017	Land	Building	Leasehold Improve-ments	Plant & Machinery	Office & other Equip-ment	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	252,105	1,410,810	174,610	839,335	121,876	2,798,736
Additions/(Disposals)	-	-	-	170,226	28,961	199,187
Depreciation Expenses	-	(6,003)	(4,365)	(340,863)	(37,009)	(388,240)
Revaluation gain	1,487,737	342,719	-	-	-	1,830,456
Foreign Exchange Rate Variations	(20,930)	(179,673)	-	(2,529)	6,747	(196,385)
Balance at 30 June 2017	1,718,912	1,567,853	170,245	666,169	120,575	4,243,754

2016	Land	Building	Leasehold Improve-ments	Plant & Machinery	Office & other Equip-ment	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	264,412	1,504,506	147,520	1,536,470	179,300	3,632,208
Additions during the year	-	-	61,695	17,745	21,054	100,494
Disposals during the year	-	-	(28,076)	-	-	(28,076)
Depreciation Expenses*	-	(42,983)	(8,124)	(631,022)	(75,459)	(757,588)
Foreign Exchange Rate Variations	(12,307)	(50,713)	1,595	(83,858)	(3,019)	(148,302)
Balance at 30 June 2016*	252,105	1,410,810	174,610	839,335	121,876	2,798,736

*Depreciation is recognized within Cost of Sales and operating expenses.

NOTE 14 INTANGIBLE ASSETS

	Economic Entity	
	2017	2016
	\$	\$
Goodwill	3,532,345	3,532,345
Net carrying value	3,532,345	3,532,345

Impairment Disclosures

All Goodwill is allocated to the consolidated entity. During the current period, management have reassessed the make-up of the Group and determined that the Group is now a single cash generating unit due to the shared resources between various Group companies and a more centralised management structure.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections for the next three years. The cash flows are discounted using an estimated discount rate based on Capital Asset Pricing Model adjusted to incorporate risks associated with a particular segment.

Management has based the value-in-use calculations on five-year budget forecasts of the group. Revenue has been projected on the below mentioned assumptions. Costs are calculated taking into account historical gross margins as well as estimated weighted inflation rates over the period which is consistent with inflation rates applicable to the locations in which the unit operates. Discount rates are pre-tax and reflect risks associated with the distribution division.

The following assumptions were used in the value-in-use-calculations:

- a. Revenue is premised on a “zero based budget” approach whereby each customer, or potential customer, has been specifically assessed having regard to current indications of demand, customer contacts or as assessed by the relevant sales manager. Revenue Growth of 17% has been assumed for the year 1 forecast period with 8% growth year on year for years 2-5 of the forecast period. Terminal growth post year 5 of the forecast period has been estimated at 3.5%.

Long term contracts typically include expenditure “rise and fall” clauses. Accordingly, Revenue is forecast to alter in line with relevant changes to the Company’s direct manufacturing costs.

- b. Projected cash flows have been discounted using discount rate of 12% (2016: 12%).
- c. Gross profit margins are forecast to be in a range of 14%-17% dependent upon product and each geographic region. (2016: 20%-30%)

Based on the above assumptions, the recoverable amount of the cash generating unit has been determined to exceed its carrying amount as at 30 June 2017 and accordingly; no impairment loss has been recognized.

NOTE 15 TRADE AND OTHER PAYABLES

	2017	2016
	\$	\$
Current		
Trade Payables	2,770,593	3,126,655
Deposits from customers	-	71,483
Sundry payables	1,187,106	953,716
	3,957,699	4,151,854

NOTE 16 BORROWINGS

	Note	2017 \$	2016 \$
Current			
Secured Liabilities			
Bank Overdrafts	10	-	132,619
Bank Loans		288,609	191,754
Multi-option Facility		1,128,983	1,590,957
Invoice Funding Facility		1,431,169	474,093
Software License Finance		-	16,250
		2,848,761	2,405,673
Unsecured Liabilities			
Unsecured Loan (Shareholder)		300,000	100,000
Unsecured Loan (Third Party)		-	139,087
Unsecured Loans (Related Parties)		366,964	362,171
		666,964	601,258
Total Current borrowings		3,515,725	3,006,931
Non-Current			
Secured Liabilities			
Software License Finance		-	19,491
Multi-option Facility		159,400	-
Bank Loans		300,368	575,246
Total bank loans		459,768	594,737
Convertible Notes		949,454	-
Embedded derivative of convertible notes		32,604	-
		982,058	-
Total Non-Current Borrowings		1,441,826	594,737
Total borrowings		4,957,551	3,601,668

NOTE 16 BORROWINGS (continued)

Details of financing arrangements are set out as below:

	Note	2017 \$	2016 \$
Total Facilities			
Bank Overdrafts		75,000	166,830
Multi-option Facility		1,288,383	1,590,957
Letter of Credit Facility		-	12,888
Term Loan		767,000	767,000
Invoice Funding Facility		1,431,169	2,050,000
		3,561,552	4,587,675
Used at the reporting date			
Bank Overdrafts		-	132,619
Multi-option Facility		1,288,383	1,590,957
Term Loan		588,977	767,000
Invoice Funding Facility		1,431,169	474,093
		3,308,529	2,964,669
Unused at the reporting date			
Bank Overdrafts		75,000	34,211
Multi-option Facility		-	-
Term Loans		178,023	-
Letter of Credit Facility		-	12,888
Invoice Funding Facility		-	1,575,907
		253,023	1,623,006

NOTE 16 BORROWINGS (continued)**Bank Overdrafts**

The overdraft facilities comprise a facility for Stellar Films Group Pty Ltd of \$75,000 (2016: \$75,000) for payroll overdraft purposes.

Bank Loans

Bank loans of \$767,000 is for Stellar Films Group Pty Ltd secured by plant and machinery for working capital purchased with a term of 4 years.

Invoice Funding Facility

During the year, the Group has established an Invoice Financing Facility with Timelio Pty Ltd. The facility has an uncapped limit available to fund all eligible invoices of Stellar Films Group Pty Ltd secured against eligible trade receivable.

Multi-option Facility

Stellar Films (Malaysia) Sdn Bhd holds a multi-option facility to be utilized for overdraft, banker acceptance and term loan for working capital purposes.

Collateral Provided

Security provided in support of banking facilities in respect of the consolidated entities are as follows:

Stellar Films (Malaysia) Sdn Bhd:

- General debenture creating fixed and floating charges over the assets and undertakings of the company to the combined value of MYR 9,200,000 (AUD\$3,176,300).
- Negative pledges dated 2 June 2005 and 31 May 2012.
- Letters of comfort/awareness to the combined value of MYR 7,300,000 (AUD\$2,520,325) provided by Stellar Films Group Pty Ltd.

Stellar Films Group Pty Ltd:

- General security agreements over the assets and undertakings of Stellar Films Group Pty Ltd.
- Guarantees and indemnities provided by the directors of Stellar Films Group Pty Ltd.
- Guarantee and indemnity provided by ESM Developments Pty Ltd as trustee for the ESM Unit Trust supported by a general security agreement over the assets and undertakings of that entity.
- Guarantee and Indemnity for \$1,342,000 given by SECOS Group Limited.

With respect to Invoice Financing Facility, the Company has provided Timelio security over the assets of Deed of priority to rank on debtors and second on all other assets in respect to Stellar Films Group Pty Ltd.

Convertible Notes

On 23 December 2016, SECOS raised \$995,758 through issue of the two-year convertible notes to sophisticated investors.

The key terms of convertibles notes are:

1. Face Value per Note: \$1
2. Term: 2 Years
3. Convertible Price: at the lower of a 15% discount to 10-Day VWAP and the price of any equity capital raising in the preceding two months capped at \$0.12 per share
4. Interest: 10% pa payable quarterly in arrears
5. Company can repay the loan on three months' notice, but the holder has the option to convert on the above terms prior to redemption.
6. Conversion permitted after 6 months and before two years, or redeemable for cash at face value if not redeemed before the end of the two-year term

NOTE 16 BORROWINGS (continued)

Directors and Managements have participated in the Convertible Note for a total of \$405,846. The directors will seek approval from shareholders at the next general meeting to allow for conversion on the same terms as other Note holders.

Based on the terms on which convertible notes are issued, convertible notes are required to be accounted for under AASB 139.

AASB139 requires the embedded derivative liability which represents the equity conversion feature of the convertible note to be separated from host liability contract and to be recorded at fair value on initial recognition.

Accordingly, the initial fair value of the embedded derivative liability (equity conversion feature) has been estimated by an external valuer using the Binominal price model based on the following assumptions. Key terms of the convertible notes were included as per the above. The following assumption were based on market conditions that existed at the issue date.

Assumptions	2 Year Convertible Notes	Rationale
Historic volatility	110.85%	Based on 24 months' historical volatility data for the Company
Conversion/Exercise price	\$0.12	Due to uncertainty around any potential conversion price, it has been based on maximum capped price of \$0.12
Share price	\$0.09	Closing share price on valuation date from external market source
Risk-free interest rate	2.00%	Based on 2-year Australian Government Bond Benchmark Yield
Fair Value	\$0.05	Determined using Binominal pricing model with the inputs above

An initial fair value of the embedded derivative liability (equity conversion feature) of \$45,922 was determined based on the above inputs and assumptions has been separate from proceeds received from the issue of the convertible notes to determine the amount of initial value of host debt component of the convertible notes of \$949,836.

Initial values of both the embedded derivative liability and host debt component have been further adjusted for transaction costs of \$15,000 that were incurred to raises funds via convertible notes.

After initial recognition, the host debt component of the convertible notes has been measured at amortized cost using the effective interest method as required by AASB 139. The effective interest rate applied is 13.66%. The embedded derivative liability component of the convertible notes has been measured at fair value as required by AASB 139 and fair value movements have been recorded directly in the statement of profit & loss and other comprehensive income.

	Host Debt-Liability	Embedded Derivative Liability-Conversion Feature
	\$	\$
Initial carrying amount (adjusted for transaction costs)	935,528	45,230
Interest expense	13,926	-
Fair value movements	-	(12,626)
Balance as at 30 June 2017	949,454	32,604

NOTE 17 SHORT TERM PROVISIONS

	2017 \$	2016 \$
Employee benefits	830,694	804,920
Provision for Warranties	50,855	50,857
Lease make good provision	70,000	70,000
	951,549	925,777

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

NOTE 18 LONG TERM PROVISIONS

	2017 \$	2016 \$
Provision for Warranties	80,218	50,857
Employee benefits	4,713	17,100
	84,931	67,957

NOTE 19 ISSUED CAPITALa) **Share Capital**

	2017	2016
Ordinary - fully paid shares	\$14,616,474	\$12,479,444

b) **Movements in Ordinary Share Capital**

Date		Number of Shares	Price (\$)	Amount (\$)
01-Jul-16	Balance	148,568,772		\$12,479,444
04-Jul-16	Shares Issued to Directors in lieu cash	241,208	0.106	\$25,568
31-Aug-16	Placement of Shares	12,720,562	0.082	\$1,043,086
14-Sep-16	Placement of Shares	382,342	0.082	\$31,352
06-Oct-16	Issue of Shares to Directors	271,973	0.088	\$24,124
29-Nov-16	Issue of Shares to Group CFO	833,333	0.060	\$50,000
04-Jan-17	Shares Issued to Directors in lieu cash	213,816	0.076	\$16,250
10-Apr-17	Shares Issued to Directors in lieu cash	200,123	0.081	\$16,250
10-Apr-17	Placement of shares in lieu of cash for NWR Communications	342,857	0.070	\$24,000
30-Jun-17	Cash received awaiting share allotments	-		\$906,400
	At the end of the reporting period	163,774,986		\$14,616,474

Date		Number of Shares	Price (\$)	Amount (\$)
01-Jul-15	Balance	124,223,418		\$10,549,724
31-Mar-16	Placement of Shares	10,724,721	0.082	\$879,427
04-Apr-16	Shares issued pursuant to Share Purchase Plan	13,364,953	0.082	\$1,024,725
04-Apr-16	Shares Issued to Directors in lieu cash	255,680	0.100	\$25,568
	At the end of the reporting period	148,568,772		\$12,479,444

NOTE 19 ISSUED CAPITAL (continued)**c) Ordinary Shares**

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

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

Ordinary Shares have no par value, and the company does not have a limited amount of authorised share capital.

As at 30-June-2017, an amount of \$906,400 were received from various shareholders and investors as part of their applications to participate in Share Purchase Plan and Share Placement Plan. These monies were including in cash holding per bank confirmation with a corresponding entries as paid-up capital.

d) Capital Management

Management controls the capital of the group in order to maintain sufficient liquidity to cover the group's working capital requirements, to meet any new investment opportunities as they arise and to safeguard the Group's ability to continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by regularly monitoring its current and expected liquidity requirements and by assessing the group's financial risks, rather than using debt/equity ratio analyses. The group's capital structure is adjusted in response to the changes in liquidity requirements and financial risks. These responses include the management of debt levels and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

NOTE 20 RESERVES

Nature and Purpose of Reserves:

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary as described in Note 1(k).

Asset Revaluation Reserve

On 1 June 2017 the Group engaged an independent valuers to revalue the Group's Land and Buildings situated in Port Klang, Selangor, Malaysia to assess the assets value. As a result, the Group's fixed assets value had increased by \$1,830,456 as at the revaluation date. Consequently, Land and Buildings were carried at fair value with corresponding credit entry recorded in the asset revaluation reserve in the Statement of Financial Position. Any future gains recognised in respect of an increased re-valuation will be credited to the Asset Revaluation Reserve.

NOTE 21 SHARE BASED PAYMENTS**2017**

On 4 July 2016, the Company issued 241,208 fully paid ordinary shares to two of its directors - M/s Tegoni and Haines, in lieu of the part payment of their respective remuneration for the quarter ending 30 June 2016. The shares were issued at an issue price of \$0.106/share, which was determined based on the volume weighted average sale price of SECOS share for June 2016 Quarter.

On 6 October 2016, the Company issued 271,973 fully paid ordinary shares to two of its directors - M/s Tegoni and Haines, in lieu of the part payment of their respective remuneration for the quarter ending 30 September 2016. The shares are issued at an issue price of \$0.088/share. The share issue price has been determined based on volume weighted average sale price of SECOS shares for September 2016 Quarter.

On 29 November 2016, following approval by shareholders at the Annual General Meeting held on 18 November 2016, the Company issued and allotted 833,333 ordinary shares to the Group Chief Financial Officer, Mr Edmond Tern. Shares have been issued at an issue price of \$0.06/share. The share issue price was determined based on 75% of volume weighted average sale price of SECOS shares over the last 5 trading days.

On 4 January 2017, the Company issued 213,816 fully paid ordinary shares to two of its directors - M/s Richard Tegoni and Donald Haller Jr., in lieu of the part payment of their respective remuneration for the quarter ending 31 December 2016. The shares are issued at an issue price of \$0.076/share. The share issue price has been determined based on volume weighted average sale price of SECOS shares for the December 2016 Quarter.

On 10 April 2017, the Company issued 200,123 fully paid ordinary shares to two of its directors - M/s Richard Tegoni and Donald Haller Jr, in lieu of the part payment of their respective remuneration for the quarter ending 31 December 2016. The shares are issued at an issue price of \$0.081/share. The share issue price has been determined based on volume weighted average sale price of SECOS shares for the March 2017 Quarter.

2016

On 4 April 2016, the Company issued 255,680 fully paid ordinary shares to two of its directors - M/s Tegoni and Haines, in lieu of the part payment of their respective remuneration for the quarter ending 31 March 2016.

Mr. Tegoni had agreed to accept 50% of his March 16 Quarter remuneration (\$12,500) to be paid in Shares and Mr. Haines had agreed to accept 30% of his March 16 Quarter remuneration (\$13,068) to be paid in Shares.

The shares are issued at an issue price of \$0.10/share. The share issue price has been determined based on volume weighted average sale price of SECOS shares for March 16 Quarter.

The issue of these shares to Directors was approved by shareholders at the Annual General Meeting held on 17 November 2015 (Resolutions 6 & 9).

Total amount of \$25,568 representing the above equity settled share based payments has been included in Employment Benefits Expenses in the statement of comprehensive income, with a corresponding increase in Equity.

NOTE 22 CONTROLLED ENTITIES**Controlled Entities Consolidated**

Name	Country of Incorporation	Principal activities	Equity Holding (%) ⁽¹⁾	
			2017	2016
Stellar Films Group Pty Ltd ⁽²⁾	Australia	Manufacturing	100%	100%
Stellar Films (Malaysia) Sdn Bhd ⁽²⁾	Malaysia	Manufacturing	100%	100%
Cardia Bioplastics (Australia) Pty Ltd (100% owned by SECOS Group Limited)	Australia	Sales and marketing	100%	100%
Tristano Pty Ltd (100% owned by Cardia Bioplastics (Australia) Pty Ltd)	Australia	Research	100%	100%
Biograde (Nanjing) Pty Ltd (100% owned by Biograde (Hong Kong) Pty Ltd)	China	Manufacturing	100%	100%
Biograde (Hong Kong) Pty Ltd (100% owned by Cardia Bioplastics (Australia) Pty Ltd)	Hong Kong	Holding company	100%	100%
Cardia Bioplastics Malaysia Sdn Bhd	Malaysia	Manufacturing	100%	100%
Cardia Bioplasticos (Brasil) Ltda	Brazil	Deregistered	100%	100%
CO2Starch Pty Ltd	Australia	Research	100%	100%
Cardia Bioplastics LLC	USA	Dormant	100%	100%
Mine Remediation Services Pty Ltd	Australia	Dormant	69.36%	69.36%
Natural Pharmacy Pty Ltd	Australia	Holding company	66.00%	66.00%
Herbworx International Pty Ltd (60% owned by Natural Pharmacy Pty Ltd)	Australia	Dormant	39.60%	39.60%

1. Percentage of voting power is in proportion to ownership.
2. Interest in subsidiaries that were acquired as part of merger with SECOS Group Limited.

NOTE 23 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Estimates of the potential financial effect of contingent liabilities that may become payable:

	Economic Entity	
	2017	2016
	\$	\$
Bank Guarantees	50,713	130,127
The parent entity has provided guarantees to third parties in relation to the performance and obligations of controlled entities in respect to banking & finance facilities and credit facilities. The guarantees are for the terms of the facilities. The period covered by guarantees range from 3 to 5 years.	2,017,000	2,017,000
	2,067,713	2,147,127

There were no contingent assets as at 30 June 2017 (2016: NIL).

NOTE 24 LEASING COMMITMENTS

Commitments contracted for at the end of the reporting period but not recognized as liabilities, payable:

	2017 \$	2016 \$
a. Finance Lease Commitments		
Not later than 12 months	27,969	19,348
between 12 months and 5 years	50,267	20,732
	78,236	40,080
b. Operating Lease Commitments		
Not later than 12 months	476,638	297,153
between 12 months and 5 years	303,137	253,938
	779,775	551,091
c. Capital Expenditure Commitments		
Contracts for Plant and equipment purchases	-	165,000
	-	165,000

The consolidated entity leases property under operating leases expiring from one to five years. Leases generally provide the consolidated entity with a right of renewal from nil years to five years.

NOTE 25 OPERATING SEGMENTS

Identification of reportable operating segment

The consolidated entity's Managing Director and Chief Financial Officer have examined the Group's performance and as disclosed in the 31 December 2016 interim financial statements, identified that there has been considerable focus on business integration following the completion of the merger between Cardia Bioplastics and Stellar Films in April 2015. As such management now view the business as a single operating segment being the manufacture and distribution of polyethylene films, and the renewable resources based resins and finished products.

Operationally, Group Managing Director and Group Chief Financial Officer oversee the previously separate Cardia and Stellar business. The Group now share common R&D resources and has a Corporate Development Director actively promoting the films and renewable resources part of the business. There is now one warehouse location in each region housing films, resins and biodegradable finished goods.

The management team prepares internal reports with multi-dimensional view with emphasis on group consolidated results that are viewed and used by the Board of Directors in assessing the performance and in determining the allocation of resources. The information is reported on a monthly basis.

Sales Revenue by geographical region (external customers)	2017 \$	2016 \$
Australia	1,304,283	2,287,776
Asia	19,398,867	15,776,427
Americas	703,577	1,787,021
Others ³	958,249	1,103,444
Total Revenue	22,364,976	20,954,668

Major customers

The Group has a number of customers to whom it provides products. The Group has supplied a single external customer in the manufacturing segment who accounted for **25.2%** (2016: 22.25%) of external revenue.

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³ Others include countries falling within Europe and Africa Continents

NOTE 25 OPERATING SEGMENTS (continued)

Assets by geographical region	2017 \$	2016 \$
The location of segment assets (non-current) by geographical location of assets is disclosed below:		
Australia	148,044	169,563
Asia	4,109,391	2,638,598
Total Assets	4,257,435	2,808,160

FY2017 increased in value largely resulted from revaluation of land and buildings at fair value

NOTE 26 CASH FLOW INFORMATION

	2017 \$	2016 \$
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Loss for the year after tax	(2,949,170)	(4,951,804)
Depreciation & Amortization	388,240	757,588
Cash advances for Property, Plant and Equipment	76,536	-
Impairments	-	32,515
Issue of shares in lieu of cash	109,317	25,568
Foreign Currency translation differences	86,976	40,895
Gain on Disposal of Equity Interest in Joint venture	-	(203,428)
Loss on Sale of Financial Assets	-	75,120
Fixed Assets write-off	-	22,671
Share in loss of joint venture entity	-	443,030
Changes in operating assets and liabilities, net of business combination effects:		
Decrease/(increase) in trade and other receivables	(250,974)	881,212
Increase/(decrease) in trade and other payables	(151,409)	(558,807)
Net cash outflow from operating activities	(2,690,484)	(3,435,440)

NOTE 27 EVENTS AFTER THE REPORTING DATE

On 4 July 2017, the Company issued 5,087,500 fully paid ordinary shares under Share Purchase Plan at an issue price of \$0.08/share raising \$407,000 for working capital purposes.

On 7 July 2017, the Company issued 174,169 fully paid ordinary shares to two of its directors - M/s Richard Tegoni and Donald Haller Jr, in lieu of the part payment of their respective remuneration for the quarter ending 30 June 2017. The shares are issued at an issue price of \$0.093/share. The share issue price has been determined based on volume weighted average sale price of SECOS shares for the June 2017 Quarter.

On 17 July 2017, the Company issued 10,740,500 fully paid ordinary shares under Share Placement Plan at an issue price of \$0.08/share raising \$859,240 for working capital purposes.

NOTE 28 RELATED PARTIES**Parent Entity**

SECOS Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 22.

Key management personnel

Disclosures relating to key management personnel are set out in Note 7 and the remuneration report in the directors' report.

Transactions with related parties

Stellar Directors related entities have advanced amounts to that Company for working capital purposes. As part of merger negotiations, on 31 March 2015, these entities have entered into respective loan agreements with Stellar for the amounts advanced. Pursuant to the loan agreements, loan amount advanced are on an unsecured basis and will be repayable after 2 years after the merger completion date i.e. 21 April 2017, with SECOS having further discretion to extend the loan term for a further 12 months' period. Loans will attract interest at bank market rates for the term. Any early repayment of these loans is at the discretion of SECOS Board.

The following balances are outstanding at the reporting date in relation to above loans from the related parties:

	2017	2016
	\$	\$
Stephen Walters	77,388	89,389
Trevor Haines	140,696	123,902
Robert Morgan	72,763	72,763
Peter Symons	76,117	76,117
TOTAL	366,964	362,171

Terms and Conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 29 FINANCIAL INSTRUMENTS**Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses natural hedges and derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

Specific Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the negotiation of payment terms with customers such as advance payment on order or payments through letter of credits, title retention clauses over goods, ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and monitoring the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

The maximum exposure to credit risk by class of recognized financial assets at the end of the reporting period is equivalent to the carrying amount of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregate of such amounts are as detailed in Note 11.

Credit risk arising on cash balances is not material.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or meeting its obligations related to financial liabilities. The group manages liquidity risk by maintaining a reputable credit profile, managing credit risk related to financial assets, monitoring forecasted cash flows and ensuring that new funding facilities are in place either in the form of the issuing of new securities or establishing borrowing facilities. Unused borrowing facilities at the reporting date are disclosed under Note 16.

The bank overdraft facility may be drawn at any time and is provided on an on-demand basis.

The bank loan facilities in respect of Stellar Films (Malaysia) are repayable on demand but until such demand, and are on a rolling six monthly maturity.

Stellar Films Group Pty Ltd has a term loan facility of \$767,000 with an outstanding balance of \$588,977 as at 30 June 2017. This is expected to be fully paid off by June 2019.

NOTE 29 FINANCIAL INSTRUMENTS (continued)

A summary of the entity's financial assets and liabilities is shown in the table below;

Year ended 30 June 2017	<6 months	6-12 months	1-5 years	Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,823,537	-	-	1,823,537
Trade and other receivables	3,830,377	-	-	3,830,377
	5,653,914	-	-	5,653,914
Financial liabilities				
Trade and other payables	3,957,699	-	-	3,957,699
Borrowings	1,929,899	144,000	1,441,826	3,515,725
	5,887,598	144,000	1,441,826	7,473,424
Net maturity	(233,684)	(144,000)	(1,441,826)	(1,819,510)
Year ended 30 June 2016				
	<6 months	6-12 months	1-5 years	Total
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	1,343,293	-	-	1,343,293
Trade and other receivables	2,783,694	-	116,729	2,900,423
	4,126,987	-	116,729	4,243,716
Financial liabilities				
Trade and other payables	4,151,854	-	-	4,151,854
Borrowings	3,006,931	-	594,737	3,601,668
	7,158,785	-	594,737	7,753,522
Net maturity	(3,031,798)	-	(478,008)	(3,509,806)

Fair Value of financial instruments

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

Market risks**Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognized at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

The variable interest rate borrowings expose the Group to interest rate risk which will impact future cash flows and interest charges are indicated by the following floating interest rate financial liabilities

	Note	2017	2016
		\$	\$
Variable rate instruments			
Bank Overdrafts		-	132,619
Bank Loans		588,977	767,000
Multi-option Facility		1,288,383	1,590,957
Invoice Funding Facility		1,431,169	474,093
		2,848,761	2,964,669

NOTE 29 FINANCIAL INSTRUMENTS (continued)**Interest rate risk sensitivity analysis**

An official increase/decrease in interest rates of 2% can have an adverse/favourable effect on profit before tax of \$90,000 (2016: \$29,647) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts. The Group has total borrowings of \$4.5 million as at 30 June 2017 (2016: \$3.2 million).

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

As the Group's significant purchase and sales transactions are in US Dollars, any fluctuations in US Dollars may impact on the Group's financial results unless this exposure is appropriately hedged. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements in US Dollar, the consolidated entity manages the risk through natural hedge and has taken forward foreign exchange contracts to mitigate exchange movements. These contracts are hedging highly probable forecasted cash flows for anticipated foreign currency transactions 3-4 months out.

For payments in all other foreign currencies, the Group has established that its exposure to foreign currency risk is not material at this stage.

The carrying amount of the Group's foreign currency (US Dollars) denominated financial assets and financial liabilities at the reporting date were as follows:

	2017 \$	2016 \$
Financial Assets	5,063,589	4,440,238
Financial Liabilities	7,688,423	7,158,785

The Group has performed a sensitivity analysis relating to its net exposure to foreign currency risk at the end of reporting period. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Foreign currency risk sensitivity analysis

At 30 June 2017, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the US Dollar with all other variables remaining constant is as follows:

	2017 \$	2016 \$
Change in Profit and Equity		
- movement in AUD to USD by 5%	+/- 79,000	+/- 47,000

DIRECTORS' DECLARATION

1. The Directors declare that the financial statements and notes; and remuneration disclosures that are detailed within the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company and economic entity.
 - c. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

2. The Managing Director and Chief Financial Officer have each declared that:
 - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Richard Tegoni
Executive Chairman

Mount Waverley
Dated this 31st day of August 2017



SECOS Group Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SECOS Group Limited. (the Company and its controlled entities (the Group)), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards 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 Group 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.

CHARTERED ACCOUNTANTS & ADVISORS

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$2,949,170 during the year ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its current assets by \$530,375. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

ASSESSMENT OF CARRYING VALUE OF GOODWILL	
Area of focus Refer also to notes 1 and 14	How our audit addressed it
<p>During the financial year ended 30 June 2015 the group expanded its activities through the reverse acquisition of Cardia Bioplastics Limited by Stellar Films Group. As a result the acquisition created Goodwill on the Group's Consolidated Statement of Financial Position of \$3.5 million.</p> <p>Given the goodwill value, and the early stages of the development opportunities of the businesses, there is a risk that the Group may not trade in line with initial expectations and forecasts, resulting in the carrying amount of goodwill exceeding the recoverable amount and therefore requiring impairment.</p> <p>The recoverable amount of the cash generating unit (CGU) has been calculated based on the value-in-use model. These recoverable amounts use discounted cash flow forecasts in which the Directors make judgements over certain key inputs, for example but not limited to revenue growth, gross margins, discount rates, long term growth rates and inflation rates.</p> <p>The directors have determined in the current year that they have one CGU and operate in one segment.</p> <p>Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — a detailed analysis of the key changes to the business to determine the appropriateness of a single segment and CGU; — a detailed evaluation of the groups budgeting procedures upon which the forecasts are based and testing the principles and integrity of the discounted future cash flow models; — testing the accuracy of the calculation derived from each forecast model and assessing key inputs to the calculations such as revenue growth, gross margins, discount rates and working capital assumptions. This is done by reference to the Board approved forecasts, data external to the group and our own assessment; and — reviewing the historical accuracy by comparing actual results with the original forecasts. <p>We also considered the adequacy of the Group's disclosures in relation to the impairment testing.</p>



CONVERTIBLE NOTE	
Area of focus Refer also to notes 1 and 16	How our audit addressed it
<p>SECOS Group Limited issued convertible notes to a range of investors during the current financial period for approximately \$1.0 million.</p> <p>Accounting for these transactions is complex, as the Group's accounting policy requires the separation at initial recognition, where material, of an embedded derivative, representing the option to convert the note to a variable amount of shares, from the underlying host (principal) contract. Both the embedded derivative and host contract are reflected in the value of the convertible note in the financial statements.</p> <p>The accurate recording of the transactions associated with the convertible notes is dependent on the following:</p> <ul style="list-style-type: none"> — The share price as at the date of the issue of the convertible notes; — Inputs associated with the features of the notes (interest rate, maturity, security); and — Share price volatility priced into the embedded derivative. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — understanding the terms of the convertible note agreements, including an assessment of classification between current and non-current for the underlying host contract and a determination that the conversion formula met the definition of an embedded derivative and hence a financial liability; — verifying the voracity of pricing applied to the value of the embedded derivative and the accrual of amortised interest applicable to the host contract; and — verifying that the values attributed to the transactions were in line with the terms of the convertible note agreements <p>We also assessed the adequacy of the Group's disclosures in respect of the convertible notes.</p>
INVENTORY	
Area of focus Refer also to notes 1 and 12	How our audit addressed it
<p>The Group's inventory of \$1.7 million is significant to the financial statements, and has decreased by \$0.9 million from the prior year. The Group's inventory predominantly includes polyethylene films and renewable resource-based resins.</p> <p>Inventory is required to be carried at the lower of its cost and net realisable value applying the weighted average cost method.</p> <p>The valuation of inventory involves judgement by management depending on the age and types of polyethylene films and renewable resource based resins.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> — a review of subsequent product sales to ensure inventory was valued at the lower of cost and net realisable value, the aging and condition of the inventory; — we evaluated management's judgement and assumptions in determining the valuation of the inventory at balance date; and — we assessed management's judgements in relation to the need for provisioning against the value of inventory. <p>We also considered the adequacy of disclosures in relation to inventory in the notes to the financial statements.</p>



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group'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 we accordingly 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 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 preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group or to cease operations, or has 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of SECOS Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

A handwritten signature in blue ink, appearing to read 'N. S. Benbow'.

N. S. Benbow
Melbourne, 31st August 2017

SHAREHOLDERS' INFORMATION

The shareholder information set out below was applicable as at **25 August 2017**

(A) DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

Ordinary Shares	Number of Holders
1 - 1,000	305
1,001 - 5,000	365
5,001 - 10,000	171
10,001 - 100,000	361
100,001 and over	180
	1,382

There were 706 holders of less than a marketable parcel of ordinary shares.

(B) EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted equity securities are listed below:

Fully Paid Ordinary Shares	Number Held	Percentage of Issued Shares
		%
STELLAR DEVELOPMENTS PTY LTD	20,746,906	11.5
MR DONALD HALLER JR	13,900,879	7.7
GOBBLE PTY LTD	7,795,891	4.3
HELPLESS PTY LTD	7,795,891	4.3
GANSRUSE PTY LTD	7,795,891	4.3
G & N LORD SUPERANNUATION PTY	7,562,500	4.2
R&K EDWARDS INVESTMENTS LLC	6,434,439	3.6
FEMALE PTY LTD	6,236,713	3.5
BRENDAN PATRICK O'SULLIVAN	3,585,388	2.0
MR RICHARD TEGONI	3,581,619	2.0
RETZOS FAMILY PTY LTD	3,300,000	1.8
MR RICHARD ROGER TEGONI &	3,124,415	1.7
MRS JANET LOUISE COLMAN	2,460,000	1.4
HSBC CUSTODY NOMINEES	2,225,382	1.2
INSYNC INVESTMENTS PTY LTD	2,000,000	1.1
HOWARD TRADING CO PTY LTD	1,819,869	1.0
ADVANCE PUBLICITY PTY LTD	1,750,000	1.0
STEPHEN J CARLOTTI	1,606,948	0.9
KIRZY PTY LTD	1,400,000	0.8
SOMNUS PTY LTD	1,382,927	0.8
TOTAL	106,505,658	59.2

(C) SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the holding company's register as at 25 August 2017 are:

	Number of Ordinary Shares Held	Percentage of Issued Shares %
STELLAR DEVELOPMENTS PTY LTD <THE STELLAR UNIT A/C>	20,746,906	11.5
MR DONALD HALLER JR	13,900,879	7.7

(D) VOTING RIGHTS

The voting rights attaching to each class of equity security are set out below:

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