WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

FINANCIAL REPORT
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2017

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

CONTENTS

Director's Report	1
Consolidated Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Financial Statements	9
Director's Declaration	32
Auditor's Independence Declaration	33
Independent Audit Report to the Members of Wide Open Agriculture Limited	34

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

DIRECTOR'S REPORT

Your directors present this report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity' or 'the Group') consisting of Wide Open Agriculture Limited (referred to hereafter as the "Company") and the entities it controlled at the end of, or during, the six month period ended 31 December 2017.

Directors

The names of the directors' in office at any time during, or since the end of the period is:

Ben Cole (appointed on 23 March 2015)
Anthony Robert Frederik Maslin (appointed on 23 March 2015)
James Alexander Mackintosh (appointed 24 July 2015)
Johannes Franciscus Schut (appointed 23 July 2015) - alternate Director for James Mackintosh
Stuart McAlpine (appointed 30 March 2016)

Directors have been in office since the start of the period to the date of this report unless otherwise stated.

Company Secretary

The name of the Company Secretary in office at any time during, or since the end of the period is:

Sam Wright (appointed on 28 September 2016)
Lydia Fee (appointed on 28 September 2016)

Review of Operations

The loss of the Group for the period after providing for income tax amounted to $612,006 (31 December 2016: loss of $266,861).

Principal Activities

The principal activities of the Group during the period were the establishment and undertaking of diversified, regenerative farming practices in the Wheatbelt WA; in particular, horticultural activities.

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

DIRECTOR'S REPORT

Statement of changes in the State of Affairs

There have been no significant changes in the state of affairs of the Group during the financial period.

Events Subsequent to the End of the Reporting Period

On 8 January 2018 the Group executed agreements for the 2018 shareholder loan and agreement to reimburse costs (total value $605,000).

On 16 February 2018 at a General Meeting of Shareholder it was approved to issue 3,750,000 options, exercisable at $0.30, expiring on 30 June 2021, to the following directors:

- 1,500,000 options to Anthony Maslin;
- 750,000 options to Ben Cole;
- 750,000 options to Stuart McAlpine; and
- 750,000 options to Johannes Franciscus Schut.

There have been no other events which have arisen since 31 December 2017 which will significantly affect the operations of the Group and the state of affairs of the Group in subsequent financial years

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

DIRECTOR'S REPORT

Likely Developments and Expected Results of Operations

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid during the period and no recommendation is made as to the dividends.

The directors do not recommend the payment of a dividend.

Options

No options over issued shares or interests in the company were granted during or since the end of the period and there were no options outstanding at the date of this report.

Directors' attendance at board and committee meetings during the period to 31 December 2017:

Name	Board of Directors' Meetings	
	No. attended	No. eligible to attend
Ben Cole	6	6
Anthony Robert Frederik Maslin	5	6
James Alexander Mackintosh	6	6
Stuart McAlpine	6	6
Johannes Franciscus Schut	4	6

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

DIRECTOR'S REPORT

Auditor's Independence Declaration

A copy of the Auditor's Independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 33.

Indemnification of Officers and Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer or auditor of the company.

Remuneration Report

Please refer to Note 16 to the financial report for detailed explanation.

Proceedings on Behalf of the Company

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

The company was not a party to any such proceedings during the period.

Signed for and on behalf of the board in accordance with a resolution of the directors:

Director: ______________________________

Ben Cole

Dated this 23rd day of February 2018

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

	Note	31 Dec 2017 (audited) $	31 Dec 2016 (unaudited) $
Revenue and other Income	2	89,636	131
Biological asset fair value adjustments		12,040	-
Cost of goods sold		(43,448)	(14,874)
Consultancy Fees		(92,779)	(32,131)
Foreign exchange loss		(32,896)	-
Depreciation		(84,437)	-
Wages		(230,946)	(153,677)
Impairment expense		(25,000)	
Other administration expenses		(204,176)	(66,310)
Profit/(Loss) for the period before income tax expense		(612,006)	(266,861)
Income tax expense	13	-	-
Profit/(Loss) after tax from continuing operations		(612,006)	(266,861)
Other comprehensive income:			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total other comprehensive income for the period			-
Total comprehensive Profit/(Loss) for the period		(612,006)	(266,861)
Total comprehensive income attributable to members of the entity		(612,006)	(266,861)
Basic and diluted earnings/(loss) per share (cents)	19	(1.35)	(0.74)

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

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31 Dec 2017 (audited) $	30 Jun 2017 (audited) $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	74,762	335,878
Trade and other receivables	4	42,131	111,461
Biological assets	5	12,040	-
TOTAL CURRENT ASSETS		128,933	447,339
NON-CURRENT ASSETS			
Property Plant and Equipment	6	742,155	800,799
Other receivables	4	50,000	50,000
TOTAL NON-CURRENT ASSETS		792,155	850,799
TOTAL ASSETS		921,088	1,298,138
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	167,745	182,275
Provisions		27,616	21,384
Borrowings and other financial liabilities	8	17,256	271,705
TOTAL CURRENT LIABILITIES		212,617	475,364
NON-CURRENT LIABILITIES			
Borrowings and other financial liabilities	8	497,703	-
TOTAL NON-CURRENT LIABILITIES		497,703	-
TOTAL LIABILITIES		710,320	475,364
NET ASSETS		210,768	822,774
EQUITY			
Issued capital	9	2,137,887	2,137,887
Accumulated losses	10	(1,927,119)	(1,315,113)
TOTAL EQUITY		210,768	822,774

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

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017

31 Dec 2017 (audited)	Note	Issued Capital	Accumulated Losses	Total Equity
		$	$	$
As at 1 July 2017		**2,137,887**	**(1,315,113)**	**822,774**
Profit/(loss) for the period		-	(612,006)	(612,006)
Other comprehensive income		-	-	-
Total comprehensive income/(loss) for the period		-	**(612,006)**	**(612,006)**
Contributions of equity		-	-	
At 31 December 2017		**2,137,887**	**(1,927,119)**	**210,768**

31 Dec 2016 (unaudited)	Note	Issued Capital	Accumulated Losses	Total Equity
		$	$	$
As at 1 July 2016		**647,128**	**(413,421)**	**233,707**
Profit/(loss) for the period		-	(266,861)	(266,861)
Other comprehensive income		-	-	-
Total comprehensive income/(loss) for the period		-	**(266,861)**	**(266,861)**
Contributions of equity		1,367,159	-	1,367,159
At 31 December 2016		**2,014,287**	**(680,282)**	**1,334,005**

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

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Note	31 Dec 2017 (audited)	31 Dec 2016 (unaudited)
		$	$
Cash Flows from Operating Activities			
Receipts from customers		9,536	42
Payments to suppliers and employees		(477,668)	(220,409)
Interest received		38	89
R&D tax refund		57,830	-
Payments for borrowing costs		(6,005)	-
Net cash flows received/(used) in operating activities	12	(416,269)	(220,278)
Cash Flows from Investing Activities			
Payments for acquisition of PPE		(81,527)	(575,511)
Net cash used in investing activities		(81,527)	(575,511)
Cash Flows from Financing Activities			
Proceeds from issue of securities		-	1,292,159
Proceeds from borrowings		251,844	104,054
Repayment of borrowings		(15,164)	-
Net cash flows from/(used) financing activities		236,680	1,396,213
Net (decrease) / increase in cash and cash equivalents		(261,116)	600,424
Cash and cash equivalents at the beginning of the period		335,878	329,319
Cash and cash equivalents at the end of the period		74,762	929,743

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

1 Statement of Significant Accounting Policies

The financial statements cover Wide Open Agriculture Limited and the entities it controlled ("consolidated entity" or "the Group") for the six month period ending 31 December 2017. Wide Open Agriculture Limited is a company limited by shares, incorporated and domiciled in Australia.

a. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 23 February 2018 by the director of the company.

b. Going Concern

The financial statements of the Group have been prepared on a going concern basis which anticipates the ability of the entity to meet its obligations in the normal course of business.

At 31 December 2017, the Group had net assets of $210,768, cash and cash equivalents of $74,762 and net working capital deficit of $83,684. The company had incurred a loss for the period ended 31 December 2017 of $612,006.

The ability of the Group to continue as a going concern and meet its planned operational, administration and other commitments is dependent upon the following:

- the continued funding from its major shareholder in the form of loans and expense reimbursement of which $605,000 has been committed for the period ending 31 December 2018;
- equity funding;
- successfully operating its retractable roof protected cropping system.

In the event that the entity is not successful in raising working capital through a combination of the above, the entity may not be able to meet its liabilities as and when they fall due and the realisable value of the entity's non-current assets may be significantly less than book values.

Accounting Policies Continued

c. Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Wide Open Agriculture Limited ('company' or 'parent entity') as at 31 December 2017 and the results of all subsidiaries for the period then ended. Wide Open Agriculture Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'the Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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 unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised 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 recognised 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 consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises 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.

Interests in subsidiaries are accounted for at cost, less any impairment, in the parent entity. Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

d. Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised 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 purchase or sell the asset (i.e. trade date accounting adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

e. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that Standard.

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.

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

f. Trade and Other Receivables

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in statement of comprehensive income.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Accounting Policies continued

h. Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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

Depreciation is calculated on a diminishing value method at the following rates:

Buildings	20%
Plant and equipment	15% - 50%
Capital works in progress	-

i. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

I. Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

II. Interest revenue is recognised when received.

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

All revenue is stated net of the amount of goods and services tax (GST).

h. Trade and Other Payables

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the Group that remain unpaid.

Trade payables are recognised at their transaction price. Trade payables are obligations on the basis of normal credit terms.

Accounting Policies continued

i. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

j. Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the income tax rate applicable in Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted in Australia. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against tax liabilities and the deferred tax liabilities relate to the same taxable entity and the same taxation authority.

Accounting Policies Continued

k. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

l. Segment Reporting

The Group operates in the agriculture industry in Australia. For management purposes, the Group is organised into one main operating segment which involves horticulture activities in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

m. Share Based Payments

The Company makes payments to selected suppliers in the form of equity settled share based payments, where shares are issued in exchange for goods or services, the amounts of which are determined by reference to the value of the underlying goods or services exchanged.

n. Financial Risk Management

The Group's activities expose it to a variety of financial risks; market risk, credit risk, liquidity risk and cash flow interest risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(i) *Interest rate risk*

Interest rate risk is managed by obtaining the best commercial deposit interest rates available in the market by the major Australian Financial Institutions.

(ii) *Credit risk exposures*

Credit risk represents the loss that would be recognised if the counterparties default on their contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

Accounting Policies Continued

(iii) *Liquidity risk*

Liquidity risk is the risk that the Group might be unable to meet its financial liability obligations. The Group manages liquidity risk by monitoring forecast cash flows. The Group does not have any significant liquidity risk as the Group does not have any collateral debts.

(iv) *Foreign currency risk*

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

o. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(i) Accounting for share based payments

The Company's accounting policy is stated in note m. The values of these share based payments are based on the market values of the goods or services acquired by the share based payments.

(ii) Recoverability of Deferred Tax Assets

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from un-utilised tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in Australia. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. At balance date the net deferred tax assets are not recognised on the statement of financial position.

Additionally, future changes in tax laws in Australia could limit the ability of the Group to obtain tax deductions in future periods.

p. New accounting standards for application in future periods

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

Accounting Policies continued

AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

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

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

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and

Accounting Policies continued

- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures).

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

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

The main changes introduced by the new Standard are as follows:

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

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

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

Accounting Policies continued

AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods commencing on or after 1 January 2018).

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: Business Combinations to an associate or joint venture and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

q. Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

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

r. Agricultural produce and consumables on hand

Agricultural produce, such as harvested produce, is recognised on harvest and is stated at the lower of cost (determined on application of AASB 141 Agriculture) and net realisable value.

Consumables such as unspread fertiliser and other farming implements on hand at balance date are recognised at the lower of cost or net realisable value.

Accounting Policies continued

s. Biological assets

Recognition and Measurement
Biological assets are measured at their face value less costs to sell at each reporting date. The fair value is determined as the net present value of cashflows expected to be generated by these crops (including a risk adjustment factor). Where fair value cannot be measured reliably, biological assets are measured at cost.

Net increments and decrements in the fair value of the growing assets are recognised as income or expense in the statement of profit/loss and other comprehensive income determined as:

- The difference between the total fair value of the biological assets recognised at the beginning of the reporting period and the total fair value of the biological assets recognised at reporting date.
- Costs incurred in maintaining or enhancing the biological assets recognised at the beginning of the reporting period and the total fair value of the biological assets recognised at the reporting date.
- The market value of the produce picked during the reporting period is measured at their fair value less estimated costs to be incurred up until the time of picking. Market price is determined based on underlying market prices of the product.

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017

2 Revenue and Other Income

	31 Dec 2017 (audited) $	31 Dec 2016 (unaudited) $
Horticulture revenues	6,268	42
Rent revenue	4,500	-
Grants received	21,000	-
R&D tax benefit	57,830	-
Interest received	38	89
	89,636	131

3 Cash and Cash Equivalents

	31 Dec 2017 (audited) $	30 Jun 2017 (audited) $
Cash at bank	74,762	335,878

4 Trade and Other Receivables

Current		
Accounts receivable	2,288	64,289
GST receivable	23,917	21,230
Prepayments	15,926	942
First Right of Refusal to purchase Kulinbah West,and Cooinda Properties, Buntine WA	-	25,000
	42,131	111,461
Non-Current		
Deposit for purchase of Kulinbah East Block, Buntine WA	50,000	50,000
	50,000	50,000

At the reporting date none of the receivables were past due and impaired.

5 Biological Assets

	31 Dec 2017 (audited) $	30 Jun 2017 (audited) $
Current		
Agricultural produce – at fair value	12,040	-
	12,040	-

6 Property, Plant and Equipment

31 December 2017 (audited)

Net book value	Plant and equipment $	Capital works in progress $	Land and Buildings	Total $
At 1 July 2017	147,965	-	652,834	800,799
Additions	21,179	-	4,614	25,793
Depreciation for period	(18,552)	-	(65,885)	(84,437)
At 31 December 2017	150,592	-	591,563	742,155

30 June 2017 (audited)

Net book value	Plant and equipment $	Capital works in progress $	Land and Buildings	Total $
At 1 July 2016	6,482	58,054	-	64,536
Additions	163,742	532,379	120,515	816,636
Disposal	(5,500)	-	-	(5,500)
Reclassification	-	(590,433)	590,433	-
Depreciation for period	(16,759)	-	(58,114)	(74,873)
At 30 June 2017	147,965	-	652,834	800,799

7 Trade and Other Payables

	31 Dec 2017 (audited) $	30 Jun 2017 (audited) $
Current		
Trade creditors and accrued expenses	143,745	152,575
Amounts received for share subscriptions	24,000	29,700
	167,745	182,275

At the reporting date none of the payables were past due.

8 Borrowings and other financial liabilities

	31 Dec 2017 (audited) $	30 Jun 2017 (audited) $
Current		
Shareholder loan	-	246,806
Insurance Premium Funding	17,256	3,899
Unexpended Grant	-	21,000
	17,256	271,705

	31 Dec 2017 (audited) $	30 Jun 2017 (audited) $
Non-Current		
Shareholder loan	497,703	-
	497,703	-

The shareholder loan from Commonland Foundation is interest free and as at 31 December 2017 is repayable in 2021 ($153,139) and 2022 ($344,564).

9 Issued Capital

	31 Dec 2017 (audited)	30 Jun 2017 (audited)
Fully Paid Ordinary Shares: 45,279,247(June 2017: 45,279,247)	2,137,887	2,137,887

There are no externally imposed capital requirements.

(a) Issued and Paid up capital

	31 Dec 2017 Number	31 Dec 2017 $
Issued Capital		
Ordinary shares (opening)	45,279,247	2,137,887
Fully paid issued shares	-	-
Less transaction costs	-	-
Total issued capital	45,279,247	2,137,887

9 Issued Capital (Continued)

(b) Movement in Ordinary shares on issue

	No. Of shares	Issue Price $	Total $
Opening Balance as at 1 July 2017	**45,279,247**		**2,137,887**
Placement	-	-	-
Balance as at 31 December 2017	**45,279,247**		**2,137,887**
Opening Balance at 1 July 2016	**31,902,503**		**647,128**
Placement	1,635,000	0.05	81,750
Placement	11,741,744	0.12	1,409,009
Balance as at 30 June 2017	**45,279,247**		**2,137,887**

10 Accumulated Losses

	31 Dec 2017 (audited) $	30 Jun 2017 (audited) $
Accumulated losses at the beginning of the period	(1,315,113)	(413,421)
Net loss attributable to members of the company	(612,006)	(901,692)
Accumulated losses at the end of the period	(1,927,119)	(1,315,113)

11 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

Financial Instruments	**Floating Interest Rate**	**Fixed Interest Rate**	**Non-interest bearing**	**Total**
	$	**$**	**$**	**$**
31 Dec 2017 (audited)				
Financial Assets	-	-	-	-
Cash and cash equivalents	74,762	-	-	74,762
Trade and other receivables	-	-	92,131	92,131
Total financial assets	74,762	-	92,131	166,893
Weighted average interest rate for the period	-	-	-	-
Financial liabilities	-	17,256	497,703	514,959
Trade and other payables	-	-	167,745	167,745
Total financial liabilities	-	17,256	665,448	682,704
Weighted average interest rate for the period	-	7.17%	-	-
30 Jun 2017 (audited)				
Financial Assets	-	-	-	-
Cash and cash equivalents	335,878	-	-	335,878
Trade and other receivables	-	-	161,461	161,461
Total financial assets	335,878		161,461	497,339
Weighted average interest rate for the period	-	-	-	-
Financial liabilities	-	-	271,705	271,705
Trade and other payables	-	-	182,275	182,275
Total financial liabilities	-	-	453,980	453,980

Financial Risk Management Continued

Financial Risk Management Policies

The director's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These included the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The Group has a shareholder loan denominated in a foreign currency, hence it has an exposure to exchange rate fluctuations. The shareholder loan is denominated in Euros and has a carrying value in Australian dollars of $497,703 as at 31 December 2017 (June 2017: $246,806). Refer to note 8.

The Group does not have any derivative instruments at 31 December 2017.

12 Reconciliation of Loss after Tax to Net Cash Outflow from Operating Activities

	31 Dec 2017 (audited) $	31 Dec 2016 (unaudited) $
Profit/(Loss) after income tax	(612,006)	(266,861)
Depreciation	84,437	-
Foreign exchange loss	32,896	-
Impairment expense	25,000	-
Changes in assets and liabilities		-
(Increase) / Decrease in operating receivables	44,330	(85,625)
(Increase) / Decrease in biological assets	(12,040)	-
Increase / (Decrease) in operating payables	14,881	132,208
Increase / (Decrease) in provisions	6,233	-
Net cash inflows / (outflows) from operating activities	(416,269)	(220,278)

13 Income Tax Expense

	31 Dec 2017 (audited) $	31 Dec 2016 (unaudited) $
Reconciliation between tax expense and pre-tax loss:		
Accounting Profit/(Loss) before income tax	(612,006)	(266,861)
Tax at the domestic income tax rate of 27.5% (Dec 2016: 27.5%)	(168,302)	(73,387)
Temporary differences	(2,665)	5,613
Permanent differences	213	-
Income tax benefit not recognised	170,754	67,774

Income Tax Expense Continued

	31 Dec 2017 (audited)	31 Dec 2016 (unaudited)
	$	$
Recoupment of Prior period tax losses	-	-
Income tax expenses/(benefit)	-	-
Unrecognised temporary differences		
Unused tax losses for which no deferred tax asset recognised	1,516,762	680,136
Temporary difference	(9,692)	(20,409)
Capital raising cost	-	-
Total	1,507,070	659,727
Potential benefit at 27.5% (Dec 2016: 27.5%)	414,444	181,425

14 Remuneration of Auditors

	31 Dec 2017 (audited)	30 Jun 2017 (audited)
	$	$
Audit of financial reports	8,000	8,000
	8,000	8,000

15 Commitments for expenditure and contingencies

On 29 July 2016, the Company acquired land from Buntine Holdings Pty Ltd with a deferred consideration element. The details are:

- Price of the land was $323,879.13
- Deposit of $50,000 paid on 29 July 2016 in the form of 1,000,000 shares at 0.05c each
- Remaining consideration to be paid in full no later than 8 years from 23 March 2016
- Interest to be paid on this outstanding amount of $273,879 at the annual rate of the RBA base rate plus 2.5%. This has been treated as operational expense as Right of access and use.

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2017

Commitments for expenditure and contingencies continued

	31 Dec 2017 (audited)	30 Jun 2017 (audited)
	$	$
Not longer than one year	15,600	17,635
Longer than one year, but not longer than five years	-	-
Longer than five years	273,879	273,879
	289,479	291,514

Commitments for expenditure within one year represent remaining funds due for the retractable roof protected cropping system purchased on 24 June 2016, being 10% of purchase price of $121,680 USD. Exchange rate used $0.78AUD:$1USD (June 2017: $0.69AUD:$1USD).

Commitments for expenditure over five years represent deferred consideration of purchase of Kulinbah East Block from Buntine Holdings Pty Ltd which is due no later than 23 March 2024.

Other than the interests disclosed above there were no further contingencies as at 31 December 2017.

16 Key Management Personnel Remuneration

	Cash	Equity	Total
	$	$	$
For the period ended 31 December 2017 (audited)			
Anthony Maslin [1]	-	-	-
Ben Cole	42,400	-	42,400
Stuart McAlpine	-	-	-
James Mackintosh	-	-	-
Johannes Schut	-	-	-
	42,400	-	42,400

[1] During the period Anthony Maslin forfeited amounts owing to him under his contract of $38,400.

Key Management Personnel Remuneration (continued)	Cash	Equity	Total
	$	$	$
For the year ended 30 June 2017 (audited)			
Anthony Maslin	-	41,600	41,600
Ben Cole	79,466	20,000	99,466
Chris Middleton	1,962	1,750	3,712
Stuart McAlpine	-	-	-
	81,428	63,350	144,778

17 Related Party Transactions

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

- The Company recognised rental income of $4,500 during the period for the lease of farm land to McAlpine Farms and interest expense of $5,478 relating to the purchase of Kulinbah East Block (refer to note 15). McAlpine Farms is owned by Stuart McAlpine, a current Director of the Company.
- The Company received $218,001 (EUR 150,000) from Commonland Foundation as a shareholder loan during the period. The total loan balance as at 31 December 2017 is $497,703 (June 17: $246,806). Commonland Foundation also reimbursed the Company for $137,474 of expenditure incurred directly related to Commonland Foundation's activities. Commonland Foundation are the Company's largest shareholder and have appointed James Mackintosh as their representative Director and Johannes Franciscus Schut as an alternate Director for James Mackintosh.

18 Equity Instruments Disclosure - Key Management Personnel

The Number of shares held by Directors and Key Management Personnel of the Company during the period ended 31 December 2017, including their personally related parties, is set out below:

31 December 2017 (audited) Name	Balance at 1 July 2017	Granted as compensation	Issued as repayment of loan	Bought & (Sold)	Balance at 31 Dec 2017
Ben Cole	7,566,668	-	-	-	7,566,668
Anthony Maslin	7,766,668	-	-	-	7,766,668
James Mackintosh	500,000	-	-	(500,000)[1]	-
Johannes Schut	500,000	-	-	-	500,000
Stuart McAlpine	2,000,000	-	-	-	2,000,000
Total	18,333,336	-	-	(500,000)	17,833,336

[1] James Mackintosh transferred his shares to WOA's cornerstone investor Commonland Foundation as part of his employment arrangements with Commonland Foundation.

The Number of shares held by Directors and Key Management Personnel of the Company during the period ended 30 June 2017, including their personally related parties, is set out below:

30 June 2017 (audited) Name	Balance at 1 July 2016	Granted as compensation	Issued as land consideration	Bought & (Sold)	Balance at 30 Jun 2017
Ben Cole	7,400,001	166,667	-	-	7,566,668
Anthony Maslin	7,320,001	346,667	-	100,000	7,766,668
James Mackintosh	500,000	-	-	-	500,000
Johannes Schut	500,000	-	-	-	500,000
Christopher Middleton*	25,001	14,583	-	-	39,584
Stuart McAlpine	500,000	-	1,500,000	-	2,000,000
Total	16,245,003	527,917	1,500,000	100,000	18,372,920

*Closing balance represents shares held at date of resignation, being 19 August 2016

19 Basic and Diluted Earning/(Loss) per Share

	31 Dec 2017 (audited)	31 Dec 2016 (unaudited)
	$	$
Basic and diluted earning/(loss) per share (cents)	(1.35)	(0.74)
Profit/(Loss) attributable to members of Wide Open Agriculture Ltd	(612,006)	(266,861)
Weighted average number of shares outstanding	45,279,247	36,175,712

The Company has no ordinary share capital in respect of potential ordinary shares which would lead to diluted earnings per share that shows an inferior view of the earnings per share.

For this reason, the diluted earning/(loss) per share for the period ended 31 December 2017 is the same as basic earning/(loss) per share.

20 Parent entity

Wide Open Agriculture Limited is the parent entity. All subsidiaries were dormant during the period. As a result, the financial information relating to the parent company is the same as the consolidated financial statements.

21 Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Ownership interest	
Name	Principal place of business / country of incorporation	31 Dec 2017	30 Jun 2017
		%	%
Food4Reasons Marketing Pty Ltd	Australia	100	100
Food4Reasons Protective Cropping Pty Ltd	Australia	100	100

22 Significant Events After the Reporting Date

On 8 January 2018 the Group executed agreements for the 2018 shareholder loan and agreement to reimburse costs (total value $605,000).

On 16 February 2018 at a General Meeting of Shareholder it was approved to issue 3,750,000 options, exercisable at $0.30, expiring on 30 June 2021, to the following directors:

- 1,500,000 options to Anthony Maslin;
- 750,000 options to Ben Cole;
- 750,000 options to Stuart McAlpine; and
- 750,000 options to Johannes Franciscus Schut.

There have been no other events which have arisen since 31 December 2017 which will significantly affect the operations of the Group and the state of affairs of the Group in subsequent financial years.

WIDE OPEN AGRICULTURE LIMITED
ABN 866 049 138 22

DIRECTORS DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 31, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards; and

   (b) give a true and fair view of the financial position as at 31 December 2017 and of the performance for the period ended on that date of the company.

2. In the director's 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.

Director: ____________________
Ben Cole

Dated this 23rd day of February 2018

Stantons International Audit and Consulting Pty Ltd
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23 February 2018

Board of Directors
Wide Open Agriculture Limited
16A Brooking St. Williams
Western Australia 6391

Dear Directors

RE: WIDE OPEN AGRICULTURE LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Wide Open Agriculture Limited.

As Audit Director for the audit of the financial statements of Wide Open Agriculture Limited for the period ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WIDE OPEN AGRICULTURE LIMITED

Report on the Financial Report

Qualified Opinion

We have audited the accompanying financial report of Wide Open Agriculture Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six month period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report:

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

  (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the period ended on that date; and

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

(b) the financial report of the Group also complies with International Financial Reporting Standards as disclosed in note 1(a).

Basis for Qualified Opinion

Wide Open Agriculture Limited was incorporated in March 2015 and presented audited financial report for the financial period ended 30 June 2016 and the financial year ended 30 June 2017. Consequently the financial information relating to the comparative period ended 31 December 2016 has not been subject to audit. Therefore the comparatives information as at 31 December 2016 included in the financial report remains unaudited.

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

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

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

Material Uncertainty Regarding Going Concern

Without qualification to the audit opinion expressed above, attention is drawn to the following matter.

As referred to in note 1(b) to the financial report, the financial statements of the Group have been prepared on a going concern basis. At 31 December 2017, the Group had net assets of $210,768, cash and cash equivalents of $74,762 and net working capital deficit of $83,684. The Group had incurred a loss for the year ended 31 December 2017 of $612,006.

The ability of the Group to continue as a going concern and meet its planned operational, administration and other commitments is dependent upon the Group raising further working capital, collecting receivables, and/or successfully commercialising its operations. In the event that the Group is not successful in raising further equity or commercialising its operations, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's assets may be significantly less than book values.
The Financial statements do not included any adjustment that would result if the Group was unable to continue as a going concern.

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 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion 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 Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We 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 entity'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 entity to cease to continue as a going concern.

We 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.

We 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 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.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International

Samir Tirodkar
Director
West Perth, Western Australia
23 February 2018