

BISAN Ltd

ABN 75 006 301 800

**BISAN LIMITED AND
CONTROLLED ENTITIES**

ASX PRELIMINARY FINAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2017**

Lodged with the ASX under Listing Rule 4.3A

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This report covers the consolidated entity comprising Bisan Limited and its controlled entities.

The financial report is presented in Australian dollars and has been prepared in accordance with Australian Accounting Standards.

Appendix 4E

PRELIMINARY FINAL REPORT

Name of entity

Bisan Limited

ABN

75 006 301 800

Half yearly
(tick)

☐

Preliminary
final (tick)

☒

Half year/financial year ended
('current period')

30 June 2017
(previous period 30 June 2016)

For announcement to the market

Extracts from this report for announcement to the market

\$A

Extracts from this report for announcement to the market

\$A

| | | | | |
|---|----|--------|----|-------------|
| Revenues from ordinary activities | Up | 1,207% | to | 255,918 |
| Loss from ordinary activities after tax attributable to members | Up | 325% | to | (2,225,726) |
| Loss from extraordinary items after tax attributable to members | | - | | - |
| Net loss for the period attributable to members | Up | 325% | to | (2,225,726) |

| Dividends (distributions) | Amount per security | Franked amount per security |
|--|---------------------|-----------------------------|
| Final dividend (<i>Preliminary final report only</i>) | 0.0000 ¢ | 0.0000 ¢ |
| Interim dividend (<i>Half yearly report only</i>) | N/A | N/A |
| Previous corresponding period | 0.0000 ¢ | 0.0000 ¢ |
| Record date for determining entitlements to the dividend | N/A | |
| | 2017 | 2016 |
| Net tangible assets per security attributable to members | \$0.001883 | \$0.00083 |

Brief explanation of any of the figures reported above and short details of any item(s) of importance not previously released to the market:

The Directors of Bisan Limited present the preliminary results for Bisan and its controlled entities for the financial year ended 30 June 2017.

The consolidated loss of the consolidated entity after income tax amounted to \$2,225,726 (2016: loss of \$525,380).

In 2017FY, Bisan focused on assessing its business objectives and determining its strategy. The Company underwent a number of strategic changes designed to generate value for its shareholders.

Outlook

- Impairment loss

Bisan has actively sought and evaluated a number of investment opportunities. In 2015, Bisan entered into a loan agreement with an unlisted company, Waste Technologies Limited ("WSL"), to provide an advance of funds ahead of a proposed entitlement offer by WSL to all its shareholders. In 2016, a dispute arose between the Bisan Directors at that time and the previous Bisan Chairman, Mr Patrick Volpe, as to the exact terms and conditions of when and how the loan is to be repaid or converted into equity. Based on legal advice, Bisan converted the \$315,000 loan to WSL into equity under a rights issue undertaken by WSL. WSL was previously known as P-Fuel.

In 2017, the Directors have considered the most recent WSL capital raising share price of \$0.012 on 15 November 2016 as a reflection of the value of investment, and have impaired the investment from \$822,500 to \$284,970, resulting in an impairment loss of \$537,530.

- Legal proceedings

In 2016, Bisan was the subject of a winding up application in the Supreme Court of Victoria. The litigation has been brought against Bisan by a company of which Mr Volpe is a director. On 14 September 2016, the proceedings were dismissed by the Court with no order as to costs.

Bisan is defending two proceedings brought by companies related to Mr Volpe. The total amount in dispute, including threatened claims, is approximately \$163,000. These amounts are claimed in respect of the period during which Mr Volpe was a Bisan Director.

- Loan from Kentway Investment Limited

On 17 November 2016, Bisan entered into a loan agreement for \$2,000,000 with Kentway Investments Limited at an interest rate of 10% per annum. On 19 June 2017, Bisan and Kentway Investments Limited agreed to restructure the loan and signed a debt setoff agreement. As per the agreement, the loan from Kentway Investments Limited reduced to \$1,691,198.

Capital Raisings

The Directors continue to seek, identify, evaluate and pursue suitable opportunities to broaden its current business offerings. On 2 September 2016, the Directors announced that the pro rata rights issued closed, which was fully underwritten by RICT Pty Limited and Kentway Investment Limited. On 9 September 2016, Bisan issued 451,674,911 shares at \$0.004 pursuant to a pro rata rights issue, raising \$1,806,700 before costs. On 14 November 2016, a 10:1 consolidation of the shares took place. As a result, there are currently 90,334,342 fully paid shares on issue.

Annual Meeting

The annual meeting took place on 10 November 2016.

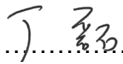
Compliance Statement

1. This report has been prepared in accordance with AASB Standards (incorporating AIFRS), other AASB and IASB authoritative pronouncements and other standards acceptable to ASX.

Other standards used:

Not applicable

2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This report is based on accounts to which one of the following applies:
- | | | | |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/> | The accounts have been audited. | <input type="checkbox"/> | The accounts have been subject to review. |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have not yet been audited or reviewed. |
5. If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available. There are currently no disputes pending or expected to arise in the audit process.
6. Due to the size of the Board of Directors, the entity does not have a formally constituted Audit Committee.

Sign here: 

Date: 31 August 2017

Print name: Lei Ding
Executive Chairman

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Financial Results

Bisan Limited & Controlled Entities Statement of Financial Position As at 30 June 2017

| | NOTE | 2017 \$ | 2016 \$ |
|----------------------------------|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 18(a) | 681,013 | 307,879 |
| Trade and Other Receivables | 4 | 100,693 | 14,892 |
| Other Financial Assets | 5 | 630,868 | - |
| TOTAL CURRENT ASSETS | | 1,412,574 | 322,771 |
| NON CURRENT ASSETS | | | |
| Other Financial Assets | 5 | 297,261 | 834,984 |
| Property, Plant and Equipment | 6 | 69,525 | - |
| TOTAL NON CURRENT ASSETS | | 366,786 | 834,984 |
| TOTAL ASSETS | | 1,779,360 | 1,157,755 |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 7 | 138,178 | 420,398 |
| Borrowings | 8 | 1,696,295 | 365,187 |
| TOTAL CURRENT LIABILITIES | | 1,834,473 | 785,585 |
| TOTAL LIABILITIES | | 1,834,473 | 785,585 |
| NET ASSETS | | (55,112) | 372,170 |
| EQUITY | | | |
| Contributed Equity | 9 | 16,209,819 | 14,411,377 |
| Option Reserve | | 1,456,351 | 1,456,351 |
| | | 17,666,170 | 15,867,728 |
| Accumulated Losses | | (17,721,283) | (15,495,558) |
| TOTAL EQUITY | | (55,112) | 372,170 |

The accompanying notes form part of these financial statements.

Bisan Limited & Controlled Entities
Statement of Profit or Loss and Other Comprehensive Income
For the Year ended 30 June 2017

| | NOTE | 2017 \$ | 2016 \$ |
|--|------|--------------------|------------------|
| Revenue from continuing operations | 2 | 255,918 | 19,582 |
| Administration expenses | | (155,056) | (31,755) |
| Auditors remuneration | 11 | (10,728) | (40,700) |
| Employee benefits expenses | | (136,227) | (16,160) |
| Interest expenses | 2 | (137,489) | - |
| Occupancy expenses | 2 | (722,044) | (10,146) |
| Share registry and listing fees | | (48,732) | (28,662) |
| Impairment of other financial assets | 2 | (537,722) | (43,771) |
| Legal fees | | (100,689) | (53,188) |
| Consulting fees | | (67,111) | (46,845) |
| Directors fees | 12 | (414,788) | (235,636) |
| Travel expenses | | (37,681) | (4,119) |
| Company secretary fees | | - | (18,980) |
| Depreciation | 6 | (18,041) | - |
| Others | 2 | (95,336) | (15,000) |
| Loss before income tax | | (2,225,726) | (525,380) |
| Income tax expense (benefit) | 3 | - | - |
| Loss after income tax from continuing operations | | (2,225,726) | (525,380) |
| Loss after income tax from discontinued operations | | - | - |
| Loss for the year | | (2,225,726) | (525,380) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Revaluation for available-for-sale financial assets | | - | - |
| Total comprehensive income | | (2,225,726) | (525,380) |
| Earnings (loss) per share | 16 | Cents | Cents |
| <i>Basic earnings (loss) per share</i> | | | |
| Loss from continuing operations | | (2.70) | (0.12) |
| Loss from discontinued operations | | - | - |
| Total | | (2.70) | (0.12) |
| <i>Diluted earnings (loss) per share</i> | | | |
| Loss from continuing operations | | (2.70) | (0.12) |
| Loss from discontinued operations | | - | - |
| Total | | (2.70) | (0.12) |

The accompanying notes form part of these financial statements.

Bisan Limited & Controlled Entities
Statements of Changes in Equity
For the Year ended 30 June 2017

Consolidated Entity

| | Contributed Equity \$ | Available for sale investments revaluation reserve \$ | Option Reserve \$ | Accumulated Losses \$ | Total Equity \$ |
|---|-----------------------------|--|-------------------------|-----------------------------|--------------------|
| At 1 July 2016 | 14,411,377 | - | 1,456,351 | (15,495,558) | 372,170 |
| Loss for the period | - | - | - | (2,225,726) | (2,225,726) |
| Total comprehensive income/(loss) for the period | - | - | - | (2,225,726) | (2,225,726) |
| Transactions with equity holders in their capacity as equity holders | | | | | |
| Issue of new shares | 1,806,699 | - | - | - | 1,806,699 |
| Share issue costs | (8,257) | - | - | - | (8,257) |
| At 30 June 2017 | 16,209,819 | - | 1,456,351 | (17,721,284) | (55,112) |
| At 1 July 2015 | 14,202,412 | - | 1,456,351 | (14,970,178) | 688,585 |
| Loss for the period | - | - | - | (525,380) | (525,380) |
| Total comprehensive income/(loss) for the period | - | - | - | (525,380) | (525,380) |
| Transactions with equity holders in their capacity as equity holders | | | | | |
| Issue of new shares | 229,626 | - | - | - | 229,626 |
| Share issue costs | (20,661) | - | - | - | (20,661) |
| At 30 June 2016 | 14,411,377 | - | 1,456,351 | (15,495,558) | 372,170 |

The accompanying notes form part of these financial statements.

Bisan Limited & Controlled Entities
Consolidated Statement of Cash Flows
For the Year ended 30 June 2017

| | NOTE | 2017 \$ | 2016 \$ |
|---|-------|--------------------|------------------|
| Cash flows from operating activities: | | | |
| Payments to suppliers and employees | | (2,327,846) | (369,568) |
| Other income | | 106,456 | 16,080 |
| Interest received | | 22 | 3,502 |
| Interest and other costs of finance paid | | (22,839) | - |
| Refunds received | | 20,224 | 30,231 |
| Net cash outflows from operating activities | 18(b) | <u>(2,223,983)</u> | <u>(319,755)</u> |
| Cash flows from investing activities: | | | |
| Purchase of plant & equipment | | (87,566) | - |
| Loans to non-related entities | | (1,000,000) | - |
| Net cash outflows from investing activities | | <u>(1,087,566)</u> | <u>-</u> |
| Cash flows from financing activities: | | | |
| Proceeds from issue of shares | | 1,806,700 | 229,626 |
| Share issue costs | | - | (17,645) |
| Borrowings | | 3,799,948 | 426,817 |
| Repayment of borrowings | | (1,921,965) | (61,629) |
| Net cash inflows from financing activities | | <u>3,684,683</u> | <u>577,169</u> |
| Net Increase/(decrease) in cash held | | 373,134 | 257,414 |
| Cash and cash equivalents at beginning of the financial year | | <u>307,879</u> | <u>50,465</u> |
| Cash and cash equivalents at end of the financial year | 18(a) | <u>681,013</u> | <u>307,879</u> |

The accompanying notes form part of these financial statements.

Bisan Limited & Controlled Entities

Notes to the Financial Statements as at 30 June 2017

1. Summary of Significant Accounting Policies

The financial statements cover the consolidated entity of Bisan Limited and controlled entities. Bisan Limited is a listed public company incorporated and domiciled in Australia. The financial statements have been prepared on an accruals basis and are based on historical convention, as modified by the revaluation of financial assets at fair value through profit and loss. Cost is based on the fair values of the consideration given in exchange for assets.

The functional and presentation currency of the financial statements is the Australian Dollar.

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

a) Statement of Compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Bisan Limited is a for-profit entity for the purpose of preparing financial statements.

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

b) Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2017. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The financial information for the parent entity, Bisan Limited, included in Note 21, has been prepared on the same basis as the consolidated financial statements.

c) Income Tax

The income tax expense for the year is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction 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 liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

Bisan Limited & Controlled Entities

Notes to the Financial Statements as at 30 June 2017 (continued)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are only recognised for all deductible temporary differences, carry-forward of unused tax losses and credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised, except:

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

The carrying amount of deferred income tax assets is reviewed at each reporting 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.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax balances relating to items recognised directly in equity are also recognised in equity and not in the profit or loss.

d) Investments

All investments are initially recognised at cost, being the fair value of the consideration given including all directly attributable transaction costs.

After initial recognition, investments, which are classified as held for trading, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit or loss.

Financial assets at fair value through profit or loss include financial assets that are classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which hedge accounting requirements apply.

For investments that are actively traded in active markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the reporting date.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment. Assumptions used are based on observable market prices and rates at reporting date.

The Group's available-for-sale investments include equity investments in JCL and WSL. The investment in JCL is measured at cost less any impairment charges, as its fair value cannot currently be estimated reliably. Impairment charges are recognised in profit or loss.

The equity investment in WSL is measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale investments revaluation reserve within equity, except for impairment losses, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

Bisan Limited & Controlled Entities

Notes to the Financial Statements as at 30 June 2017 (continued)

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

e) Employee Benefits

Wages & Salaries, Annual Leave & Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables 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.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and 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.

Contributions made by the consolidated entity to employee superannuation funds are charged as expenses when incurred.

f) Joint Ventures

Investments in joint ventures are measured at cost less any impairment losses in the parent entity financial information in Note 21.

g) Earnings/(loss) per Share

Basic earnings/(loss) per share

Basic earnings/(loss) per share is determined by dividing the profit or loss for the year after related income tax attributable to members of Bisan 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 year.

Diluted earnings/(loss) per share

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account 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.

h) Going Concern

Notwithstanding the fact that for the year ended 30 June 2017, the Consolidated Group generated a loss and deficiency in working capital, the financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. As at 30 June 2017, the Group generated a loss after tax of \$2,225,726 (2016: loss of \$525,380).

Significant judgments made by the Directors in determining that the financial statements to be prepared on a going concern basis include:

- Cash flow required to fund mandatory expenditure is sufficient in order for the Company to meet its obligations as and when they fall due;
- Further capital raising activities will be required, the Board has a track record of raising capital and has assisted the Company in raising in excess of \$1.8M in the year to 30 June 2017 and \$229k to 30 June 2016;
- The ability of the consolidated entity to sell its unlisted investment in Waste Technologies

Bisan Limited & Controlled Entities

Notes to the Financial Statements as at 30 June 2017 (continued)

Limited if necessary.

- Negotiating with key service providers, including Directors and employees, to defer payment for their services or to accept shares or other securities in lieu of payment; and
- Negotiating with key lender, to extend the terms of the loan or request to convert the loan amount into equity shares.
- Continue effort to seek out investments that may provide for solid returns to the Company.

For these reasons, the Directors believe the assumption of going concern basis in the preparation of this financial report is appropriate. The financial report does not include any adjustments in relation to the recoverability or classification of recorded assets, or the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

i) Revenue

Revenue is recognised at the fair value of consideration received or receivable.

Revenue from the sale of investments and disposal of other assets is recognised when the consolidated entity has passed risk and rewards of the investments or other assets to the purchaser, and can be reliably measured.

Interest revenue is recognised on a time proportion basis using the effective interest method.

Dividends and trust distributions are recognised when the right to receive the dividend and/or trust distribution has been established.

j) Trade and Other Payables

Trade and other payables are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services. They are measured initially at fair value and subsequently at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

k) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value, and subsequently at amortised cost, less any impairment. Trade receivables are generally due to settlement within 30 days.

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

l) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred on a straight line basis.

m) Goods and Services Tax (GST)

During the year, the ATO determined that the company was not carrying on an enterprise for the purposes of GST and hence should not be registered for GST. As a result the company repaid GST claimed and incurred a penalty of \$28,600.

The Directors have had the GST registration reinstated successfully, effective from 1 July 2017. Accordingly, from 1 July 2017, revenues, expenses and assets will be recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of

Bisan Limited & Controlled Entities

Notes to the Financial Statements as at 30 June 2017 (continued)

the asset or as part of an item of the expense. Receivables and payables in the statement of financial position will be shown inclusive of GST.

n) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events of circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

o) Cash and Cash Equivalents

For Statement of Cash Flow presentation purposes, 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.

p) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, eg. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

q) Share-based Payments

Share based compensation benefits are provided to employees via the employee share scheme.

The fair value of options granted under the employee share scheme is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The impact of the revision to original estimates, if any, is recognised in the profit or loss with a corresponding adjustment to equity.

r) Significant and Critical Judgements and Estimates

The group makes estimates and assumptions concerning the future. The resulting estimates may not always equal the related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

i. Going concern

The financial statements have been prepared on a going concern basis as explained in Note 1(h). If this basis is not appropriate the carrying amount of assets and liabilities may be significantly different.

ii. Investments in unlisted shares

The Group holds investments in unquoted shares and accounts for these investments as available-for-sale investments. For the investment in JCL, the Directors were not able to obtain the necessary financial information to determine the fair value of the investment. Accordingly, this investment is carried at cost less impairment. In assessing for impairment, the Directors use the best information available to assess the appropriate carrying values for the investments and amount of impairment (if any). For the investment in WSL acquired during the year, the Directors have considered the most recent WSL capital raising on 15 November 2016 share price \$0.012 as a reflection of the value of the investment, and have impaired the investment to \$284,970.

The directors believe that Bisan does not have significant influence over WSL as:

- Bisan owns less than 20% shares of WSL.
- Bisan does not currently have any representation on the board of WSL.

Accordingly, Bisan has not equity accounted in its investment in WSL.

s) Standards and Interpretations in Issue not yet Adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 9: Financial instruments – addresses the classification, measurement and de-recognition of financial instruments. The standard only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. The standard is applicable for annual reporting period commencing 1 January 2018.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15: replaces AASB 118 Revenue, AASB 111 Construction

Contracts and some revenue-related Interpretations: - establishes a new revenue recognition model

- changes the basis for deciding whether revenue is to be recognised over time or at a point in time

- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)

Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to, assist not-for-profit entities to apply the principles of AASB 15. The entity is yet to undertake a detailed assessment of the impact of AASB 15.

However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

t) Segment Information

No information is disclosed for operating segments as no management accounts are regularly provided to the Board of Directors, other than those of the consolidated entity. As such no operating segments exist.

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ |
|---|------|----------------|---------------|
| 2. Revenue and Expenses | | | |
| Loss before income tax includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity: | | | |
| (a) Revenue | | | |
| Interest received from other persons and / or bodies corporate (i) | | 54,081 | 4,860 |
| Realised gains on held-for-trading investments | | | - |
| Other Income (ii) | | 201,836 | - |
| | | 255,918 | 4,860 |
| (i) Interest income includes \$54,060 interest receivable from Golden Devina Limited. Transactions are detailed in Note 5. | | | |
| (ii) Other income relates to rent earned from sublease of part of Bisan's premises to other tenants. | | | |
| (b) Expenses | | | |
| Interest expenses: | | 137,489 | - |
| Interest expenses include \$119,487 interest payable to Kentway Investments Limited. Transactions are detailed in Note 5. | | | |
| Occupancy expenses: | | | |
| - office rent | | 716,844 | 10,146 |
| - light, power and heating | | 5,200 | - |
| | | 722,044 | 10,146 |
| Property leases were entered into on the following terms: | | | |
| - Property: Level 33, AMP Centre, 50 Bridge Street, Sydney 2000, 8 September 2016, terminating on 31 December 2017, lease amount of \$61,705.00 plus GST per month. | | | |
| - Property: 1308/168 Kent Street, Millers Point NSW 2000, 5 September 2016, terminating on 4 March 2017, lease amount of \$4,562.50 per month. | | | |
| Impairment of other financial assets: | | | |
| - shares in listed bodies corporate | | 192 | 43,771 |
| - shares in unlisted bodies corporate | | 537,530 | - |
| | | 537,722 | 28,957 |
| Impairment loss in unlisted bodies corporate relates to investment in Waste Technologies Limited. Transactions are detailed in Note 5. | | | |
| Others: | | 95,336 | 15,000 |
| Other Expenses include \$28,600 penalty and \$66,269 GST paid to Australian Taxation Office. During the year, the ATO determined that the company was not carrying on an enterprise for the purposes of GST and hence should not be registered for GST. As a result, Bisan repaid GST credits previously claimed and a penalty of \$28,600. | | | |

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ |
|--|------|------------|------------|
|--|------|------------|------------|

3. Income Tax

(a) The components of tax benefit comprise:

| | | |
|--------------|---|---|
| Current Tax | - | - |
| Deferred Tax | - | - |
| Total | - | - |

(b) The prima facie tax payable (benefit) on the loss before income tax is reconciled to the income tax expense (benefit) as follows:

| | | |
|---|--------------------|-----------|
| Loss before income tax | (2,225,726) | (525,380) |
| Prima facie tax payable (benefit) at 30% (2016: 30%) | (667,718) | (157,614) |
| Temporary differences not brought to account | 161,029 | 13,131 |
| Permanent difference not brought to account | 10,294 | 82 |
| Income tax losses not brought to account | (496,395) | (144,401) |

(c) Unrecognised deferred tax assets:

Deferred tax assets have not been recognised in the statement of financial position for the following items:

| | | |
|------------------------------------|------------------|-----------|
| - Unused tax losses | 6,119,186 | 4,464,536 |
| - Deductible temporary differences | 939,777 | 403,013 |
| | 7,058,963 | 4,867,549 |

Potential deferred tax asset not brought to account at 30 June 2017 calculated at the corporate tax rate of 30% (2016: 30%)

| | |
|------------------|-----------|
| 2,117,689 | 1,460,265 |
|------------------|-----------|

These benefits will only be obtained if:

- The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised.
- The consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deduction for the loss.
- Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking dividends and franking credits that may be prevented from distribution in subsequent financial years.

| | |
|----------------|---------|
| 321,009 | 321,009 |
|----------------|---------|

(a) No decisions have yet been made in relation to the Consolidations Tax Regime and its applicability to the consolidated entity. As there are no deferred tax balances brought to account in the financial statements it is unlikely this regime will have a material impact on the consolidated entity.

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ |
|--|------|------------|------------|
|--|------|------------|------------|

4. Trade and other receivables

Current

| | | | |
|-------------------|--|----------------|--------|
| Other receivables | | 100,693 | 14,784 |
|-------------------|--|----------------|--------|

Other receivables include \$96,000 uncollected rent from Linchpin Capital Limited ("Linchpin"). Bisan entered into a non-cancellable property lease contract to use Level 33, AMP Centre, 50 Bridge Street, Sydney 2000 as its principal place of business, starting from 8 September 2016. At approximately the same time, Bisan subleased part of its premises to Linchpin. For the first six months from September 2016 to March 2017, Linchpin was required to pay \$16,000 per calendar month to Bisan.

A dispute arose between Bisan and Linchpin in relation to the rent during this period. As at 30 June 2017, Bisan still had uncollected rent of \$96,000 (namely, \$16,000 x 6) from Linchpin.

5. Other Financial Assets

Current

| | | |
|--|----------------|---|
| Unsecured loan to Linchpin Capital Group Limited | 400,000 | - |
| Unsecured loan to Golden Devina Limited | 230,868 | - |
| | 630,868 | - |

On 13 September 2016, Bisan loaned \$400,000 to Linchpin. On 13 September 2016, Bisan loaned \$600,000 to Golden Devina Limited ("GDL"), under a loan agreement at an interest rate of 12% per annum.

On 17 November 2016, Bisan entered into a loan agreement with Kentway Investments Limited (Inc in HK 2328760) ("Kentway") and borrowed \$2,000,000 from Kentway at an interest rate of 10% per annum.

During the year, Kentway entered into a loan agreement with Mr Fengrui Li and borrowed \$522,678 from Mr Fengrui Li. Kentway had repaid \$164,000 to Mr Li and there was \$423,192 outstanding prior to 19 June 2017.

On 19 June 2017, each party agreed to restructure their loans and signed a debt setoff agreement, as follows:

- (a) Bisan accepted partial repayment of its loan to GDL in the amount of \$423,192.
- (b) Kentway accepted partial repayment of its loan to Bisan in the amount of \$423,192.
- (c) Mr Li accepted the full repayment of its loan to Kentway in the amount of \$423,192.

As at the debt setoff agreement date, GDL owed Bisan \$653,227.96, which included interest payable of \$53,227.96. After the loan restructure, the loan to GDL as at 19 June 2017 reduced to \$230,035.96. Interest of \$831.91 was accrued for the period from 19 June 2017 to 30 June 2017, increasing the loan balance to \$230,868. Total interest receivable from GDL as at 30 June 2017 amounts to \$54,059.87.

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ |
|--|------|----------------|----------------|
| 5. Other Financial Assets (continued) | | | |
| As at the debt setoff agreement date, Bisan owed Kentway \$2,114,390.39, which included interest payable of \$114,390.39. After the loan restructure, the loan from as at 19 June 2017 was reduced to \$1,691,198.49. Interest of \$5,096.76 was accrued for the period from 19 June 2017 to 30 June 2017, increasing the loan balance to \$1,696,295. Total interest payable to Kentway as at 30 June 2017 amounts to \$119,487.15. | | | |
| Non-current | | | |
| Other Financial Assets: | | | |
| <i>Held for trading investments – at fair value</i> | | | |
| (a) Investments quoted on a prescribed stock exchange: | | | |
| Shares in other bodies corporate | | 12,141 | 12,334 |
| (b) Units in unit trusts | | 150 | 150 |
| | | <u>12,291</u> | <u>12,484</u> |
| <i>Available for sale investments – at fair value</i> | | | |
| (c) Unquoted shares (i) | | 822,500 | 822,500 |
| Less: impairment | | (537,530) | - |
| | | <u>284,970</u> | <u>822,500</u> |
| <i>Available for sale investments – at cost</i> | | | |
| (d) Unquoted shares – cost (ii) | | 235,000 | 235,000 |
| Less: impairment | | (235,000) | (235,000) |
| Unquoted shares – carrying amount | | - | - |
| Total non-current other financial assets | | <u>297,261</u> | <u>834,984</u> |

- (i) This investment is in Waste Technologies Limited ("WSL"):

The Directors have considered the financial position of WSL and have noted that the Company is still in the process of restarting its operations. In 2016, the loan to WSL was converted to equity resulting in an increase in the investment. In 2017, the Directors have considered the most recent WSL capital raising on 15 November 2016 share price \$ 0.012 as a reflection of the value of the investment, and have impaired the investment to \$284,970.

The directors believe that Bisan does not have significant influence over WSL as:

- Bisan owns less than 20% shares of WSL.
- Bisan does not currently have any representation on the board of WSL.

Accordingly, Bisan has not equity accounted in its investment in WSL.

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| NOTE | 2017 \$ | 2016 \$ |
|------|------------|------------|
|------|------------|------------|

5. Other Financial Assets (continued)

- (ii) This investment is in Jernigan Commodities Pty Ltd ("JCL"):

Fair value information has not been disclosed for the investment in JCL because its fair value cannot be measured reliably as Bisan is not able to obtain updated financial information for JCL. This investment is an unlisted equity investment in an Australian company, and therefore, has no active market. The investment has been stated at cost less impairment charges. In 2014, an impairment charge of \$235,000 was recognised in the Statement of Profit and Loss. Bisan has no plan to dispose of this investment. The loss on de-recognition of this investment will be the amount of cost of acquisition of this investment less impairment loss made.

- (e) Aggregate quoted market value of investments listed on a prescribed stock exchange at reporting date amount to:

| | |
|---------------|---------------|
| 12,141 | 12,334 |
|---------------|---------------|

6. Property, plant and equipment

| | | |
|--------------------|-----------------|----------------|
| Balance at 1 July | - | 2,529 |
| Additions | 87,566 | - |
| Impairment | (18,041) | (2,529) |
| Balance at 30 June | 69,525 | - |

7. Trade and Other Payables

| | | |
|------------------------------|----------------|----------------|
| Trade and other payables | 108,178 | 345,398 |
| Other creditors and accruals | 30,000 | 75,000 |
| | 138,178 | 420,398 |

Trade and other payables includes \$94,575 fees due to Mr Volpe or his companies as at 30 June 2017. Other creditors and accruals includes \$30,000 fees due to Mr Volpe or his companies as at 30 June 2017.

Bisan is in the process of defending proceedings brought by companies related to Mr Volpe in relation to the above amounts.

8. Borrowings

| | | |
|------------|------------------|---------|
| Borrowings | 1,696,295 | 365,187 |
|------------|------------------|---------|

Borrowings relate to the loan from Kentway Investments Limited. Transactions are detailed in Note 5.

9. Contributed Equity

| | | |
|--|-------------------|-------------------|
| 90,334,342 Fully Paid Ordinary Shares* (2016 – 451,674,911) | 16,209,819 | 14,411,377 |
| | 16,209,819 | 14,411,377 |

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ |
|--|------|------------|------------|
|--|------|------------|------------|

9. Contributed Equity (continued)

Movements in ordinary share capital:

| | 2017 | | 2016 | |
|--|---------------|------------|-------------|------------|
| | No. | \$ | No. | \$ |
| Fully paid ordinary shares | | | | |
| At the beginning of the reporting period | 451,674,911 | 14,411,377 | 394,260,793 | 14,202,412 |
| Shares issued during the year | 451,674,911 | 1,806,700 | 57,414,118 | 229,626 |
| Share issue costs | - | (8,257) | - | (20,661) |
| Share consolidation | (813,015,480) | - | - | - |
| At the end of the reporting period | 90,334,342 | 16,209,819 | 451,674,911 | 14,411,377 |

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

On 2 September 2016, the Company completed a 1:1 rights issue raising \$1,806,699. On 14 November 2016, a 10:1 consolidation of the shares in the Company took place. As a result, there are currently 90,334,342 fully paid shares on issue.

10. Unsecured loans to controlled entities

The directors of the parent entity (Bisan Limited) have issued assurances to Bisan International Limited, Bisan International Pty Ltd, Bisan Investment Corporation Pty Ltd, Australian Commercial Mortgages Pty Ltd, Elken Tower Pty Ltd, Toplite Connection Pty Ltd and My Generation Smartphones (HK) Limited, that Bisan Limited will continue to provide financial support to these bodies corporate and consequently will not call up the debt owing to the parent entity during the next financial year. The parent entity is owed \$6,528,903 (2016: \$6,528,903) by wholly owned subsidiaries against which a provision for non-collectability of \$6,449,606 (2016: \$6,449,606) has been raised.

Financial information for the parent entity is disclosed in Note 21.

11. Auditor's remuneration

Amounts received or due and receivable by the auditors of the consolidated entity for:

| | | |
|--|--------|--------|
| Auditing or reviewing the financial statements | 10,728 | 40,700 |
|--|--------|--------|

12. Remuneration of directors and key management personnel

The Directors of Bisan Limited during the financial year were Mr D Herszberg, Mr A Kimelman, Mr P Chai, Mr L Ding, Ms H Lu and Mr B Crowley. Details of remuneration of key management personnel of the Company during the financial year are represented in the Directors Report. Other transactions with directors and key management personnel are detailed in Note 14.

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| NOTE | 2017 \$ | 2016 \$ |
|--|----------------|------------|
| 12. Remuneration of directors and key management personnel (continued) | | |
| The following table summarises the remuneration of directors and key management personnel. | | |
| Short-term Employee Benefits | | |
| - Salary & Fees | 414,788 | 255,500 |
| Non-monetary Benefits | - | - |
| Post-employment Benefits | | |
| - Superannuation | - | - |
| Share Based Payment | - | - |
| | 414,788 | 255,500 |

During the year the company paid current directors remuneration of \$474,788.

Other amounts were paid to entities associated with directors as set out in Note 14 Related Party Transactions.

13. Contingent liabilities and commitments

Mr Volpe and related companies are in dispute with Bisan approximately \$160,575 which Mr Volpe and his companies claim became payable during and since Mr Volpe's tenure as a Director of the Company, Bisan is in the process of defending the proceedings brought by the related companies. A majority of this balance has already been accrued for and reflected as a liability in the accounts. Further, there is a contingent liability of approximately \$35,000 in relation to indemnity costs in relation to these proceedings.

14. Related party transactions

- (a) The directors of the parent entity who held office during the year are referred to in Note 12. Remuneration of directors is disclosed in Note 12.
- (b) Directors' relevant interests in shares and other securities of Bisan Limited at the beginning and at the end of the financial year are shown in the table below.
- (c) Aggregate amounts receivable from wholly owned and controlled entities and the provision for non-collectability on these loans are disclosed at Note 10. These unsecured loans are interest free.
- (d) During the 1997 year, the consolidated entity acquired 50 per cent of the issued units of Dynamic Earth Unit Trust at a cost of \$150. No distribution of income was received during the current financial year (2014: \$Nil) and as at 30 June 2017 the Trust owed Bisan Limited \$90,029 (2016:\$90,029). A provision for non-collectability of \$90,029 (2016: \$90,029) has been raised against this amount
- (e) The following transactions occurred between the Company and WSL (a company of which Mr Volpe and Avi Kimelman were directors during the period):
 - the Company received interest of \$16,080 from WSL.
 - The Company converted the \$315,000 loan into equity.

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ |
|---|--|------------|------------|
| 14. Related party transactions (continued) | | | |
| | In view of his significant interest in WSL, Mr Volpe did not participate in any of the decisions by the Directors regarding transactions between the Company and WSL. | | |
| | Mr Volpe is a Director of WSL and directly owns 2.87% of WSL and is a Director and Shareholder of the following companies that own shares in WSL: | | |
| | <ul style="list-style-type: none"> - Growthtech International Pty Ltd (in which Mr Volpe's interest is 23%) holds 9.09% of WSL. - Teltec Capital Pty Ltd (in which Mr Volpe's interest is 29%) holds 3.30% of WSL. - Nova Vita Pty Ltd (in which Mr Volpe's interest is 47%) holds 2.64% of WSL. | | |
| (f) | The following transactions occurred between the Company and RICT Pty Ltd (a company of which is owned by a close family member of Lei Ding, and which Lei Ding became a Shareholder and Director subsequent to year end): | | |
| | <ul style="list-style-type: none"> • The Company received a loan of \$185,483 from RICT Pty Ltd in 2016. • The Company fully repaid the loan to RICT Pty Ltd on 10 March 2017. | | |
| (g) | The following transactions occurred between the Company and Carraway Pty Ltd (a company of which Avi Kimelman was a director during the period): | | |
| | <ul style="list-style-type: none"> • The Company paid Carraway Pty Ltd \$10,000 for the 2015 accrued director fees. The 2015 accrued director fees were agreed to reduce to nil. | | |
| (h) | Mr Volpe is a Director and substantial shareholder of Cohiba, a consultant to, and a shareholder of, Foxfire and a substantial Shareholder in WSL. Close family members of Mr Volpe are Directors and shareholders of CAP. Mr David Herszberg is a Director of Cohiba. Mr Avi Kimelman is a Director and substantial shareholder of Kushkush Pty Ltd and Carraway Pty Ltd. RICT Pty Ltd is a company of which is owned by a close family member of Lei Ding. | | |
| (i) | The following transactions occurred between the Company and Kentway (a shareholder of Bisan Limited): | | |
| | <ul style="list-style-type: none"> • On 17 November 2016 the Company entered into a loan agreement for \$2,000,000 with Kentway at an interest rate of 10% per annum. • On 19 June 2017, the Company and Kentway agreed to restructure their loans and signed a debt setoff agreement. As of the debt setoff agreement date, Bisan owed Kentway \$2,114,390.39, which included interest payable amount of \$114,390.39. After the loan restructure, the loan from Kentway as at 19 June 2017 was reduced to \$1,691,198.49. Interest expense of \$5,096.76 was accrued for the period from 19 June 2017 to 30 June 2017, increasing the loan balance to \$1,696,295. | | |
| (j) | Directors and their related entities are reimbursed for out-of-pocket expenses incurred in the performance of their duties. | | |

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ |
|--|------|------------|------------|
|--|------|------------|------------|

14. Related party transactions (continued)

The number of options over ordinary shares in the company held during the financial year by Key Management Personnel of the Group, including their personally related parties, are set out below.

Number of Options Held by Key Management Personnel at 30 June 2016 and 30 June 2017:

| KMP | Balance 01/07/2015 | Options Other | Options Balance 30/06/2016 | Total Un- Exercisable | Balance 01/07/2016 | Options Other | Options Balance 30/06/2017 | Total Un- Exercisable |
|--------------|--------------------|------------------|-------------------------------|--------------------------|-----------------------|------------------|-------------------------------|--------------------------|
| P Chai | - | - | - | - | - | - | - | - |
| D Herszberg | 4,866,666 | - | 4,866,666 | - | 4,866,666 | - | - | - |
| A Kimelman | 10,793,333 | - | 10,793,333 | - | 10,793,333 | - | 8,793,333 | - |
| L Ding | - | - | - | - | - | - | - | - |
| H Lu | - | - | - | - | - | - | - | - |
| B Crowley | - | - | - | - | - | - | - | - |
| Total | 15,659,999 | - | 15,659,999 | - | 15,659,999 | - | 8,793,333 | - |

Changes disclosed under "Other" resulted from Key Management Personnel participating in the Company's pro-rata rights issue during the year.

No options were granted as compensation during the year (2016: Nil).

The number of ordinary shares in the company held during the financial year by Key Management Personnel of the Group, including their personally related parties, are set out below.

Number of Shares Held by Key Management Personnel at 30 June 2016 and 30 June 2017:

| KMP | Balance 01/07/2015 | Change | Balance 30/06/2016 | Balance 01/07/2016 | Change | Balance 30/06/2017 |
|--------------|-----------------------|-------------------|-----------------------|-----------------------|---------------------|-----------------------|
| P Chai | - | - | - | - | - | - |
| D Herszberg | 9,666,666 | - | 9,666,666 | 9,666,666 | (8,700,000) | 966,666 |
| A Kimelman | 22,738,922 | - | 22,738,922 | 22,738,922 | (20,465,030) | 2,273,892 |
| L Ding | - | 22,914,118 | 22,914,118 | 22,914,118 | 9,866,854 | 32,780,972 |
| H Lu | - | - | - | - | - | - |
| B Crowley | - | - | - | - | - | - |
| Total | 32,405,588 | 22,914,118 | 55,319,706 | 55,319,706 | (19,298,176) | 36,021,530 |

Changes disclosed under "Other" resulted from Key Management Personnel participating in the Company's pro-rata rights issue during the year.

No shares were granted as compensation during the year (2016: Nil).

Number of performance rights Held by Key Management Personnel

There were no performance rights on issue as at 30 June 2017 (2016: Nil).

15. Segmental information

No information is disclosed for operating segments as no management accounts are regularly provided to the Board of Directors, other than those of the consolidated entity. As such no operating segments exist.

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ |
|--|------|-------------------|--------------------|
| 16. Loss per share | | | |
| | | (cents) | (cents) |
| <i>Basic earnings/(loss) per share</i> | | | |
| Loss from continuing operations | | (2.70) | (0.12) |
| Loss from discontinued operations | | - | - |
| | | <u>(2.70)</u> | <u>(0.12)</u> |
| <i>Diluted earnings/(loss) per share</i> | | | |
| Loss from continuing operations | | (2.70) | (0.12) |
| Loss from discontinued operations | | - | - |
| | | <u>(2.70)</u> | <u>(0.12)</u> |
| | | No. | No. |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share & diluted earnings per share | | <u>82,291,456</u> | <u>424,934,089</u> |

17. Leasing Commitments

Non-cancellable leases contracted for but not accounted for in financial statements

Payable – Minimum lease commitments

| | | |
|---------------------------------------|----------------|----------|
| -No later than twelve months | 407,253 | - |
| -Between twelve months and five years | - | - |
| -Greater than five years | - | - |
| | <u>407,253</u> | <u>-</u> |

Property Leases were entered into on the following terms:

- Property: Level 33, AMP Centre, 50 Bridge Street, Sydney 2000, 8 September 2016, terminating on the 31 Dec 2017 lease amount \$61,705.00 plus GST per month.
- Property: 1308/168 Kent Street, Millers Point NSW 2000, 5 September 2016, terminating on the 4 March 2017 lease amount \$4,562.50 month.

18. Notes to Statement of Cash Flows

(a) Reconciliation of cash and cash equivalents

For the purpose of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call which are readily convertible to cash and which are used in the cash management function on a day to day basis, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:

| | | |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | <u>681,013</u> | <u>307,879</u> |
|---------------------------|----------------|----------------|

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| NOTE | 2017 \$ | 2016 \$ |
|--|--------------------|------------------|
| 18. Notes to Statement of Cash Flows (continued) | | |
| (b) Reconciliation of net cash outflows from operating activities to loss after income tax: | | |
| Loss after income tax | (2,225,732) | (525,380) |
| Adjustments | | |
| Realised losses/(gains) on other financial assets | - | - |
| Depreciation | 18,041 | - |
| Impairment of other financial assets | 537,729 | 43,771 |
| Interest revenue | (54,060) | - |
| Interest expense | 119,487 | - |
| Changes in assets and liabilities | | |
| Decrease/(increase) in receivables | (85,801) | 4,605 |
| Increase/(decrease) in trade and other payables | (533,647) | 157,249 |
| Net cash outflows from operating activities | <u>(2,223,983)</u> | <u>(319,755)</u> |

(c) Financing arrangements:

On 17 November 2016, the Company entered into a loan agreement for \$2,000,000 with Kentway at an interest rate of 10% per annum.

19. Financial Instruments

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Bisan's activities expose it to financial risks such as credit risk, cash flow interest rate risk, liquidity risk and market risk. The directors are responsible for Bisan's risk management strategy and management is responsible for implementing the Directors' strategy. A risk management program focuses on the unpredictability of finance markets and seeks to minimise potential adverse effects on financial performance. Bisan uses different methods to measure different types of risk to which it is exposed.

These methods include sensitivity analysis in the case on interest rate and market risk. Bisan does not use derivatives.

(b) Interest Rate Risk Exposure

The consolidated entity is exposed to interest rate risk primarily through cash. The following table summarises the interest rate risk for the consolidated entity, together with the effective weighted average interest rate for each class of financial assets and liabilities.

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ | | | |
|---------------------------------------|----------------------------------|------------------------------------|---|----------------------------|-----------------------------------|-------------|
| 19. Financial Instruments (continued) | | | | | | |
| | Average Interest Rate % | Variable Interest Rate \$ | Fixed Interest Maturing in 1 year or Less \$ | Over 1 to 5 years \$ | Non- Interest Bearing \$ | Total \$ |
| Financial Assets | | | | | | |
| Cash | - | - | - | - | 681,013 | 681,013 |
| Receivables | - | - | - | - | 100,693 | 100,693 |
| Other Financial Assets | | | | | | |
| Listed securities | - | - | - | - | 12,134 | 12,134 |
| Unlisted securities | - | - | - | - | 285,120 | 285,120 |
| Unsecured loan | 12% | - | 630,868 | - | - | 630,868 |
| Total Financial Assets | | - | 630,868 | - | 1,078,960 | 1,709,828 |
| Financial Liabilities | | | | | | |
| Trade and other payables | - | - | - | - | 138,178 | 138,178 |
| Unsecured Loan | 10% | - | 1,696,295 | - | - | 1,696,295 |
| Secured Loan | | - | - | - | - | - |
| Total Financial Liabilities | | - | 1,696,295 | | 138,178 | 1,834,473 |
| 2016 | | | | | | |
| Financial Assets | | - | - | - | 1,159,084 | 1,159,084 |
| Financial Liabilities | | - | 365,187 | - | 420,398 | 785,585 |

Interest Rate Sensitivity Analysis

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

| | 2017 \$ | 2016 \$ |
|-----------------------------------|------------|------------|
| Change in Profit | | |
| • Increase in interest rate by 2% | (1,306) | 322 |
| • Decrease in interest rate by 2% | 1,306 | (322) |
| Change in Equity | | |
| • Increase in interest rate by 2% | (1,306) | 322 |
| • Decrease in interest rate by 2% | 1,306 | 322 |

(c) Net fair values of financial assets and liabilities

This note provides an update on the judgments and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table. The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2016 and 30 June 2017 on a recurring basis:

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ | |
|--|-------------------------|-------------------------|-------------------------|-----------------------|
| 19. Financial Instruments (continued) | | | | |
| At 30 June 2017 | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
| Assets | | | | |
| Held for trading investments | 12,141 | - | 150 | 12,291 |
| Available for sale investment | - | - | 284,970 | 284,970 |
| At 30 June 2016 | Level 1 (\$) | Level 2 (\$) | Level 3 (\$) | Total (\$) |
| Assets | | | | |
| Held for trading investments | 12,334 | - | 150 | 12,484 |
| Available for sale investment | - | - | 822,500 | 822,500 |

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities. Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at reporting date
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Valuation processes and fair values of other financial instruments

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates their carrying amounts. The fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles. Non-interest bearing related party receivables are repayable on demand, thus face value equates to fair value.

Equity investments traded on organised markets have been valued by reference to market prices prevailing reporting date. For non-traded equity investments, the fair value is an assessment by the Directors based on the underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment.

The carrying amounts of financial assets and liabilities noted above equates to their fair values at reporting date.

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ |
|--|------|------------|------------|
|--|------|------------|------------|

19. Financial Instruments (continued)

(d) Credit Risk exposure

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the consolidated entity's maximum exposure to credit risk, without taking account of the value of any collateral or other security obtained. The entity has no significant contributions of risk.

(e) Liquidity Risk

The Directors monitor the funding requirements of the Group, but the liquidity risk management is only carried out when the Group requires funds. At present, funds are raised primarily through share issue and the Group does not have any credit facilities as disclosed in Note 18(c).

(f) Market Risk

The Group is exposed to equity securities price risk. This arises for investments held by the Group and classified as held at fair value through profit and loss.

Market Risk Sensitivity Analysis

At 30 June 2017, the effect on equity as a result of changes in the market value of listed investments, with all other variables remaining constant would be as follows:

| | |
|----------------------------------|------|
| Change in profit | |
| -Increase in market value by 10% | 79 |
| -Decrease in market value by 10% | (79) |

20. Share based payments

Performance Rights, Shares and Options

There were no performance shares or options issued during the year ended 30 June 2017.

Expenses arising from share - based payment transactions

There were no share-based payment transactions recognised during the year ended 30 June 2017.

Assets acquired from share – based payment transactions

There were no assets acquired from share based payments during the year ended 30 June 2017,

Bisan Limited & Controlled Entities
Notes to the Financial Statements as at 30 June 2017 (continued)

| | NOTE | 2017 \$ | 2016 \$ |
|---|------|--------------------|------------------|
| 21. Parent Entity Information | | | |
| The following details information related to the parent entity, Bisan Limited, at 30 June 2017. The information presented here has been prepared using the consistent accounting policies as set out in Note 1. | | | |
| CURRENT ASSETS | | 1,412,560 | 322,757 |
| NON CURRENT ASSETS | | 434,863 | 903,062 |
| TOTAL ASSETS | | 1,847,423 | 1,225,819 |
| CURRENT LIABILITIES | | 1,834,473 | 785,584 |
| NON- CURRENT LIABILITIES | | - | - |
| TOTAL LIABILITIES | | 1,834,473 | 785,584 |
| NET ASSETS | | 12,950 | 440,235 |
| Issued Capital | | 16,209,819 | 14,411,378 |
| Reserves | | 1,445,646 | 1,445,646 |
| Accumulated losses | | (17,642,515) | (15,416,789) |
| TOTAL EQUITY | | 12,950 | 440,235 |
| Loss for the year | | (2,225,726) | (505,380) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive loss for the year | | (2,225,726) | (505,380) |

22. Events after the Reporting Date

- On 3 July 2017, Bisan signed Loan Extension Agreement with Kentway Investment Limited that extends the Loan to 30 November 2018.
- On 3 August 2017, Bisan received full repayment of \$232,218.72 from Golden Devina Limited.
- On 1 August 2017, Mr Adrien Wing has been appointed as company secretary, effective immediately. Mr Brett Crowley has resigned as company secretary. Mr Crowley will continue as a non-executive director
- On 17 August 2017, Bisan has invested into a commercial property based unit trust to the amount of \$50,000.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

as at 30 June 2017 (Reporting Date)

Number of Holders of Ordinary Shares

As at the Reporting Date, the issued capital of the Company consisted of 90,334,342 ordinary fully paid shares held by 524 shareholders. Each share entitles the holder to one vote

There are no restricted securities on issue.

Top 20 Holders of Quoted Shares

| Rank | Name | Units at 30 Jun 2017 | % of Units |
|---|--|----------------------|--------------|
| 1. | RICT PTY LTD | 32,780,972 | 36.29 |
| 2. | KENTWAY INVESTMENTS LTD | 15,156,703 | 16.78 |
| 3. | POLARITY B PTY LTD | 4,643,598 | 5.14 |
| 4. | MR FENGRUI LI | 4,100,000 | 4.54 |
| 5. | VERMAR PTY LTD <CAP A/C> | 2,500,000 | 2.77 |
| 6. | KUSHKUSH INVESTMENTS PTY LTD <ALEXANDRA DISCRETIONARY A/C> | 2,273,892 | 2.52 |
| 7. | DIMENSION INVESTMENTS PTY LTD | 2,200,000 | 2.44 |
| 8. | MR JASON PETERSON + MRS LISA PETERSON <J & L PETERSON S/F A/C> | 1,273,977 | 1.41 |
| 9. | JASCOT RISE PTY LTD | 1,144,600 | 1.27 |
| 10. | FIRST INVESTMENT PARTNERS PTY LTD | 1,007,358 | 1.12 |
| 11. | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 1,000,003 | 1.11 |
| 12. | GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO 2 A/C> | 1,000,000 | 1.11 |
| 13. | PROFESSIONAL PAYMENT SERVICES PTY LTD | 768,726 | 0.85 |
| 14. | MR ANTHONY VIOLI | 764,960 | 0.85 |
| 15. | MONARCH ASSET MANAGEMENT P/L <PRICE SUPER> | 735,000 | 0.81 |
| 16. | FIRESTONE CAPITAL PARTNERS PTY LTD | 711,039 | 0.79 |
| 17. | MR FRANK VIOLI | 707,033 | 0.78 |
| 18. | COMP-WORLD LIMITED | 582,118 | 0.64 |
| 19. | DENMAN AUDIO PTY LTD | 518,266 | 0.57 |
| 20. | NINTH RELNOR PTY LTD | 480,000 | 0.53 |
| Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL) | | 74,347,795 | 82.30 |
| Total Remaining Holders Balance | | 15,986,547 | 17.70 |

Distribution of Holders of Quoted Shares

| Range | Total Holders | Units | % |
|---------------------------|---------------|-------------------|------------|
| 1 - 1,000 | 267 | 104,908 | 0.12 |
| 1,001 - 5,000 | 81 | 212,259 | 0.23 |
| 5,001 - 10,000 | 33 | 273,483 | 0.30 |
| 10,001 - 50,000 | 49 | 1,366,513 | 1.51 |
| 50,001 - 100,000 | 30 | 2,499,966 | 2.77 |
| 100,001 - 500,000 | 45 | 12,009,418 | 13.29 |
| 500,001 - 1,000,000 | 8 | 5,786,692 | 6.41 |
| 1,000,001 - 9,999,999,999 | 11 | 68,081,103 | 75.37 |
| Total | 524 | 90,334,342 | 100 |

Unmarketable Parcels

| Unmarketable Parcels | Minimum parcel size | Holders | Units |
|---|---------------------|---------|-----------|
| Minimum \$500.00 parcel at \$0.014 per unit | 35,715 | 416 | 1,330,073 |

Substantial Shareholders

| Substantial Shareholder | Units | % |
|-------------------------|------------|-------|
| RICT PTY LTD | 32,780,972 | 36.29 |
| KENTWAY INVESTMENTS LTD | 15,156,703 | 16.78 |
| POLARITY B PTY LTD | 4,643,598 | 5.14 |
| MR FENGRUI LI | 4,100,000 | 4.54 |

Other Information

The name of the Company Secretary is Mr Brett Crowley. The registered office of Bisan Limited is Level 33, 50 Bridge Street Sydney NSW 2000 and the telephone number is (02) 8246 8830.

The Company is listed on the Australian Securities Exchange. Registers of securities are held at the following address; Computershare Investor Services Pty Ltd, Yarra Falls, 452 Johnston Street, Abbotsford Victoria 3067, local call is 1300 850 505, international call is +61 3 9415 4000.

There is current no on-market buy-back.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

as at 30 June 2017 (Reporting Date) (continued)

Number of Holders of Options

The Company has the following options on issue:

- 207,099,651 quoted options exercisable at 1.5 cents per option expiring 30/06/2018 held by 17 holders.

The options do not carry a right to vote. All shares issued on exercise of options have the same voting rights as other ordinary shares.

Top 17 Holders of Quoted Options

| Rank | Name | Units | % of Units |
|---|---|-------------------|---------------|
| 1. | ARIEL NOMINEES PTY LTD <AJS1 FAMILY TRUST> | 6,031,862 | 23.63 |
| 2. | MR MICHAEL GOLDBIRSCH | 3,000,000 | 11.75 |
| 3. | JPG TRADING PTY LTD <JPG TRADING DISCRETIONARY A/C> | 2,300,000 | 9.01 |
| 4. | KUSHKUSH INVESTMENTS PTY LTD <ALEXANDRA DISCRETIONARY A/C> | 2,000,000 | 7.84 |
| 5. | ROKEBA NOMINEES PROPRIETARY LIMITED <SILMAN PROPERTY A/C> | 2,000,000 | 7.84 |
| 6. | HAYDOS CORPORATION PTY LTD | 1,941,428 | 7.61 |
| 7. | PENSON AUSTRALIA NOMINEES PTY LTD <INDIAN OCEAN A/C> | 1,250,000 | 4.90 |
| 8. | COLBERN FIDUCIARY NOMINEES PTY LTD | 1,000,000 | 3.92 |
| 9. | DENMAN AUDIO PTY LTD | 1,000,000 | 3.92 |
| 10. | LETTERED MANAGEMENT PTY LTD <BALMOORAL FAMILY A/C> | 1,000,000 | 3.92 |
| 11. | STRATEGIC FUNDING MANAGEMENT PTY LTD | 1,000,000 | 3.92 |
| 12. | KOBIA HOLDINGS PTY LTD <THE KOBIA A/C> | 750,000 | 2.94 |
| 13. | MRS TIRZAH BROH <INKERMAN SERVICES A/C> | 500,000 | 1.96 |
| 14. | CARR SAUNDERS GROUP PTY LTD <CSG FAMILY A/C> | 500,000 | 1.96 |
| 15. | MATTHEW THOMAS FELD | 500,000 | 1.96 |
| 16. | HAMMERHEAD HOLDINGS PTY LTD <HHH S/F A/C> | 500,000 | 1.96 |
| 17. | BENJAMIN KOPPEL + SARAH KOPPEL <SUPERANNUATION FUND A/C> | 250,000 | 0.98 |
| Totals: Top 17 holders of LISTED OPTIONS EXPIRING 30/06/2018 @ \$0.015 | | 25,523,290 | 100.00 |
| Total Remaining Holders Balance | | 0 | 0.00 |