



**ROTO-GRO INTERNATIONAL LIMITED**

**CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016 BASED ON ACTUAL FUNDS RAISED**

	Note	Roto-Gro Unaudited 31-Dec-16 \$	Pro forma adjustments Unaudited 31-Dec-16 \$	Pro forma Unaudited 31-Dec-16 \$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	2	15,147	3,233,922	3,249,069
Trade and other receivables		24,086	-	24,086
Prepayments		-	2,741	2,741
<b>Total current assets</b>		<u>39,233</u>	<u>3,236,663</u>	<u>3,275,896</u>
<b>Non-current assets</b>				
Intangible assets	3	-	10,007,050	10,007,050
<b>Total non-current assets</b>		<u>-</u>	<u>10,007,050</u>	<u>10,007,050</u>
<b>Total assets</b>		<u>39,233</u>	<u>13,243,713</u>	<u>13,282,946</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		213,802	1,157	214,959
Borrowings		-	8,634	8,634
<b>Total current liabilities</b>		<u>213,802</u>	<u>9,791</u>	<u>223,593</u>
<b>Total liabilities</b>		<u>213,802</u>	<u>9,791</u>	<u>223,593</u>
<b>Net assets/(liabilities)</b>		<u>(174,569)</u>	<u>13,233,922</u>	<u>13,059,353</u>
<b>Equity</b>				
Issued capital	4	495,416	13,233,922	13,729,338
Accumulated losses		(669,985)	-	(669,985)
<b>Total Equity</b>		<u>(174,569)</u>	<u>13,233,922</u>	<u>13,059,353</u>



## 1. Adjustments adopted in compiling the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared by adjusting the Historical Financial Information to reflect the financial effects of the following pro forma transactions which are yet to occur, but are proposed to occur immediately before or following completion of the Offer:

- (i) The issue of 17,616,500 ordinary Roto-Gro shares at \$0.20 each to raise \$3,523,300 before costs pursuant to the Offer;
- (ii) The issue of 50,000,000 ordinary Roto-Gro shares for the acquisition of an 100% interest in RWW;
- (iii) The issue of 30,000,000 performance rights in accordance with the SSA ("Performance Rights") which vest into ordinary shares subject to performance targets being achieved, as follows:
  - 5,000,000 Class A: cumulative sales of \$10 million no later than 16 months after the date of satisfaction of the SSA Conditions;
  - 7,000,000 Class B: cumulative sales of \$20 million no later than 28 months after the date of satisfaction of the SSA Conditions;
  - 9,000,000 Class C: cumulative sales of \$50 million no later than 40 months after the date of satisfaction of the SSA Conditions;
  - 9,000,000 Class D: cumulative sales of \$80 million no later than 60 months after the date of satisfaction of the SSA Conditions; and
- (iv) The payment of cash costs related to the Offer estimated to be \$289,378 (\$468,498 less costs of \$179,020 reflected in accounts at 31 December 2016).



## 2. Cash and cash equivalents

	Note	Unaudited 31-Dec-16 \$	Unaudited Pro-forma 31-Dec-16 \$
Cash and cash equivalents		15,147	3,249,069
Roto-Gro cash and cash equivalents as at 31 December 2016			15,147
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Proceeds from the Offer pursuant to the Prospectus	1(i)		3,523,300
Cash costs associated with the Offer pursuant to this Prospectus	1(iv)		(289,378)
			<u>3,233,922</u>
<b>Pro-forma cash and cash equivalents</b>			<b><u>3,249,069</u></b>

## 3. Acquisition of RWW

Pursuant to the Prospectus, the Company will acquire 100% of the voting shares of RWW, an unlisted company based in Mauritius which holds the Licences for the Roto-Gro System, in exchange for the Company's shares. The acquisition of RWW has been treated as an asset acquisition under AASB 2 *Share-based Payment* ("AASB 2").

The pro forma carrying values of the identifiable assets and liabilities of RWW as at the date of acquisition were:

	Note	Pro forma net assets on acquisition 31-Dec-16 \$
<b>Assets</b>		
Prepayments		2,741
Intangible assets		10,007,050
<b>Liabilities</b>		
Trade and other payables		(1,157)
Borrowings		(8,634)
Total pro forma net assets		<u>10,000,000</u>
<b>Total consideration of Acquisition</b>	1(ii)	<b><u>10,000,000</u></b>

The Company will issue 50,000,000 ordinary shares as consideration for the 100% interest in RWW. The fair value of the shares is calculated in accordance with AASB 2 with reference to the offer price of the shares of the Company under the Prospectus, which is \$0.20 per share. The fair value of the consideration given was therefore \$10,000,000.



### 3. Acquisition of RWW (cont.)

The basis of the acquisition price was determined based on the value of the Licences held by RWW and agreed in the negotiations between the vendors of RWW (“Vendors”) and Roto-Gro.

#### *Performance Rights*

In addition to the ordinary shares issued to acquire a 100% interest in RWW, the Company will issue 30,000,000 Performance Rights to the RWW shareholders. The pro forma fair value of the Performance Rights is \$0.20 per share totalling \$6,000,000 which assumes the required performance milestones will be achieved.

The Performance Rights vest into ordinary shares subject to performance targets being achieved as follows:

- 5,000,000 Class A: cumulative sales of \$10 million no later than 16 months after the date of satisfaction of the SSA Conditions;
- 7,000,000 Class B: cumulative sales of \$20 million no later than 28 months after the date of satisfaction of the SSA Conditions;
- 9,000,000 Class C: cumulative sales of \$50 million no later than 40 months after the date of satisfaction of the SSA Conditions; and
- 9,000,000 Class D: cumulative sales of \$80 million no later than 60 months after the date of satisfaction of the SSA Conditions;

The impact of the Performance Rights will be recognised, to the extent they vest, in the statement of financial performance over the vesting periods for the respective performance targets above.

For full terms of the Performance Rights refer to section 6.3 of the Prospectus.

### 4. Issued capital

	Note	Number of shares	\$
Roto-Gro issued share capital as at 31 December 2016		15,795,001	495,416
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Fully paid ordinary shares issued at \$0.20 pursuant to this Prospectus	1(i)	17,616,500	3,523,300
Shares issued to acquire a 100% interest in RWW	1(ii)	50,000,000	10,000,000
Cash costs associated with the Offer pursuant to this Prospectus	1(iv)	-	(289,378)
		<u>67,616,500</u>	<u>13,233,922</u>
Pro-forma issued share capital		<u>83,411,501</u>	<u>13,729,338</u>