

Nanollose Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Nanollose Limited ('Company')
ABN:	13 601 676 377
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	74.5% to	33,339
Loss from ordinary activities after tax attributable to the owners of Nanollose Limited	up	23.8% to	(1,031,785)
Loss for the half-year attributable to the owners of Nanollose Limited	up	23.8% to	(1,031,785)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

Please refer to the Directors' report in the attached financial statements for commentary.

3. Net tangible assets

	Reporting period	Previous period
Net tangible assets	2,079,583	3,773,942
Shares (No.)	74,999,993	74,999,993
Net tangible assets per ordinary security (cents)	<u>2.77</u>	<u>5.03</u>

4. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

5. Audit qualification or review

The financial statements were subject to a review by the auditors and the auditor's review report is attached as part of the Interim Financial Report.

6. Attachments

The Interim Financial Report of Nanollose Limited for the half-year ended 31 December 2018 is attached.

7. Signed



Signed _____
Winton Willesee
Non-Executive Director

Date: 15 February 2019

Nanollose Limited

ABN 13 601 676 377

Interim Report - 31 December 2018

Nanollose Limited
Corporate directory
31 December 2018

Directors	Wayne Best Winton Willesee Gary Cass Terence Walsh
Managing Director	Raffaele (Alfie) Germano
Company Secretary	Erlyn Dale
Stock exchange listing	Nanollose Limited shares and options are listed on the Australian Securities Exchange (ASX) (ASX code: NC6 and NC6O).
Registered office	Suite 5 CPC 145 Stirling Highway Nedlands WA 6009
Principal place of business	Suite 5 CPC 145 Stirling Highway Nedlands WA 6009
Share register	Automic Level 3 50 Holt Street Surry Hills NSW 2010 Phone: 1300 288 664
Auditor	RSM Australia Partners Level 32 2 The Esplanade Perth WA 6000
Solicitors	Fairweather Corporate Lawyers 595 Stirling Highway Peppermint Grove WA 6011
Website	www.nanollose.com

Nanollose Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements, for Nanollose Limited (referred to hereafter as the "Company") for the half-year ended 31 December 2018.

Directors

The following persons were directors of Nanollose Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Wayne Best (Chairman)
Winton Willesee
Gary Cass
Terence Walsh
Alfie Germano

Principal activities

During the period, the principal continuing activities of the Company consisted of research and development, and promotion of the Company's nanocellulose technology. The primary focus has been directed towards the development of the Company's Tree-Free viscose-rayon fibre (Nullarbor™). The Company also continued its activities towards developing a commercial supply chain of microbial cellulose from a variety of waste streams.

On the 17 August 2018 the Company raised \$42,442 from a placement of 4,244,266 shortfall options from its entitlement option issue under the prospectus dated 16 April 2018.

During the period, the Company successfully created the first wearable garment, a knitted sweater, made from Nullarbor™ fibre sourced from sustainable coconut waste.

Review of operations

The loss for the Company after providing for income tax amounted to \$1,031,785 (31 December 2017: \$833,224).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial half-year.

Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Dividends

No dividend has been declared or paid during the half-year ended 31 December 2018 (31 December 2017: Nil), and the directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2018.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Winton Willesee
Director

15 February 2019
Perth

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Nanollose Limited for the half-year ended 31 December 2018, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 15 February 2019

Nanollose Limited
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31 December 2018

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Nanollose Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	31 Dec 2018	31 Dec 2017
	\$	\$
Revenue		
Interest income	33,339	19,102
Expenses		
Administration expenses	(103,737)	(57,675)
Compliance and regulatory expenses	(46,900)	(115,593)
Depreciation expense	(14,678)	(1,919)
Employee related expenses	(419,925)	(197,282)
Foreign exchange rate movements	(96)	-
Interest expense	(1)	(1,119)
Legal and consultancy expenses	(137,341)	(185,992)
Promotion and communication expenses	(76,316)	(66,223)
Research and development expenses	(239,144)	(210,701)
Share based payments	(26,986)	(15,822)
Loss before income tax expense	(1,031,785)	(833,224)
Income tax expense	-	-
Loss after income tax expense for the half-year	(1,031,785)	(833,224)
Other comprehensive income		
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive loss for the half-year	(1,031,785)	(833,224)
	Cents	Cents
Basic loss per share	(1.38)	(1.39)
Diluted loss per share	(1.38)	(1.39)

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

Nanollose Limited
Statement of financial position
As at 31 December 2018

	Note	31 Dec 2018 \$	30 Jun 2018 \$
Assets			
Current assets			
Cash and cash equivalents		2,042,883	2,980,375
Trade and other receivables		33,496	43,198
Other current assets		59,534	100,803
Total current assets		2,135,913	3,124,376
Non-current assets			
Plant and equipment		83,490	78,269
Total non-current assets		83,490	78,269
Total assets		2,219,403	3,202,645
Liabilities			
Current liabilities			
Trade and other payables		114,895	146,221
Provisions		24,925	14,154
Total current liabilities		139,820	160,375
Total liabilities		139,820	160,375
Net assets		2,079,583	3,042,270
Equity			
Issued capital		5,120,207	5,120,537
Reserves		553,356	483,928
Accumulated losses		(3,593,980)	(2,562,195)
Total equity		2,079,583	3,042,270

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

Nanollose Limited
Statement of changes in equity
For the half-year ended 31 December 2018

	Issued capital \$	Share based payments reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	5,120,537	483,928	(2,562,195)	3,042,270
Proceeds from share issues	-	42,442	-	42,442
Share issue costs	(330)	-	-	(330)
Share based payments	-	26,986	-	26,986
Loss after income tax expense for the half-year	-	-	(1,031,785)	(1,031,785)
Balance at 31 December 2018	5,120,207	553,356	(3,593,980)	2,079,583

	Issued capital \$	Share based payments reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	509,237	285,446	(831,981)	(37,298)
Proceeds from share issues	5,000,000	-	-	5,000,000
Share issue costs	(471,358)	-	-	(471,358)
Share based payments	100,000	15,822	-	115,822
Loss after income tax expense for the half-year	-	-	(833,224)	(833,224)
Balance at 31 December 2017	5,137,879	301,268	(1,665,205)	3,773,942

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

Nanollose Limited
Statement of cash flows
For the half-year ended 31 December 2018

	31 Dec 2018	31 Dec 2017
	\$	\$
Cash flows from operating activities		
Interest received	33,339	2,162
Payments to suppliers and employees	<u>(993,774)</u>	<u>(730,159)</u>
Net cash used in operating activities	<u>(960,035)</u>	<u>(727,997)</u>
Cash flows from investing activities		
Payments for plant and equipment	<u>(19,899)</u>	<u>(21,987)</u>
Net cash used in investing activities	<u>(19,899)</u>	<u>(21,987)</u>
Cash flows from financing activities		
Net proceeds from share issues	-	4,573,110
Net proceeds from option issue	42,442	
Net repayment of borrowings	<u>-</u>	<u>(60,973)</u>
Net cash from financing activities	<u>42,442</u>	<u>4,512,137</u>
Net (decrease) /increase in cash and cash equivalents	(937,492)	3,762,153
Cash and cash equivalents at the beginning of the financial half-year	<u>2,980,375</u>	<u>40,211</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>2,042,883</u></u>	<u><u>3,802,364</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant Accounting Policies

These financial statements for the interim half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Their impact on the financial performance and position of the Company from the adoption of the new or amended Accounting Standards and Interpretations was not material.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Segment Information

The Company identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report is the same information that is viewed by the Directors.

The Company is currently operating in one business segment being an administrative entity in the research sector and one geographic segment being Australia.

Note 3. Commitments

Non-cancellable operating lease commitments

	31 Dec 2018 \$	31 Dec 2017 \$
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	37,858	-
One to five years	-	-
More than five years	-	-
	37,858	-

On the 21 December 2018, the Company entered into a service agreement to pilot scale viscose fibre manufacture for a consideration of 15,000 Euro (AUD \$24,150).

On the 29 December 2018, the Company entered into an agreement to acquire research & development equipment for consideration of IDR 135,000,000 (AUD \$13,282).

Other than noted above, there are no capital or other expenditure commitments as at 31 December 2018.

Note 4. Contingent Liabilities

The Company has no contingent liabilities as at 31 December 2018.

Note 5. Events after the Reporting Period

No matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Nanollose Limited
Directors' declaration
31 December 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Winton Willesee
Director

15 February 2019
Perth

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NANOLLOSE LIMITED**

We have reviewed the accompanying half-year financial report of Nanollose Limited, which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Nanollose Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Nanollose Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Nanollose Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 15 February 2019