

## ASX APPENDIX 4E

### ECS BOTANICS HOLDINGS LIMITED

FORMERLY

AXXIS TECHNOLOGY GROUP LTD

ABN: 98 009 805 298

### RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR ENDED 30 JUNE 2019

(Previous corresponding period is the year ended 30 June 2018)

| KEY INFORMATION                                                 | 30-Jun-19<br>\$ | 30-Jun-18<br>\$ | % Change |
|-----------------------------------------------------------------|-----------------|-----------------|----------|
| Revenue from ordinary activities                                | 1,384           | 21,643          | (94%)    |
| Loss from ordinary activities after tax attributable to members | (567,116)       | (218,712)       | 159%     |
| Net loss attributable to members                                | (567,116)       | (218,712)       | 159%     |

#### DIVIDEND INFORMATION

No dividend has been proposed or declared.

| NET TANGIBLE ASSETS PER SECURITY | 30-Jun-19 | 30-Jun-18 |
|----------------------------------|-----------|-----------|
| Net tangible assets per security | 13.45     | 0.53      |

| EARNINGS PER SHARE         | 30-Jun-19<br>Cents | 30-Jun-18<br>Cents |
|----------------------------|--------------------|--------------------|
| Basic earnings per share   | (1.37)             | (0.562)            |
| Diluted earnings per share | (1.37)             | (0.562)            |

#### CONTROL GAINED OR LOST OVER ENTITIES IN THE PERIOD

There have been no gains or losses of control over entities in the year ended 30 June 2019.

This report is based on, and should be read in conjunction with, the attached financial report for the year ended 30 June 2019 for ECS Botanics Holdings Limited, which has been audited by BDO.



**(FORMERLY AXXIS TECHNOLOGY GROUP LTD)**  
**ABN 98 009 805 298**

**Annual Report for the  
Year Ended 30 June 2019**

# Annual Report

## For the year ended 30 June 2019

### Contents

|                                                                  |    |
|------------------------------------------------------------------|----|
| CORPORATE DIRECTORY .....                                        | 3  |
| DIRECTORS' REPORT .....                                          | 4  |
| AUDITOR'S INDEPENDENCE DECLARATION .....                         | 15 |
| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ..... | 16 |
| STATEMENT OF FINANCIAL POSITION .....                            | 17 |
| STATEMENT OF CHANGES IN EQUITY .....                             | 18 |
| STATEMENT OF CASH FLOWS .....                                    | 19 |
| NOTES TO THE FINANCIAL STATEMENTS .....                          | 20 |
| DIRECTORS' DECLARATION .....                                     | 31 |
| INDEPENDENT AUDITOR'S REPORT .....                               | 32 |
| CORPORATE GOVERNANCE STATEMENT .....                             | 35 |
| ASX ADDITIONAL INFORMATION .....                                 | 36 |

## Corporate Directory

### Board of Directors

|                    |                                                                              |
|--------------------|------------------------------------------------------------------------------|
| Mr Alexander Keach | (Managing Director) (appointed 11 July 2019)                                 |
| Mr David McCredie  | (Non-Executive chair) (appointed 11 July 2019)                               |
| Mr Jeremy King     | (Non-Executive Director) (appointed 11 January 2017)                         |
| Mr Michael Nitsche | (Non-Executive Director) (appointed 25 March 2019)                           |
| Mr Eddie King      | (Non-Executive Director) (appointed 11 January 2017, resigned 25 March 2019) |
| Mr Justyn Stedwell | (Non-Executive Director) (appointed 31 March 2016, resigned 15 July 2019)    |

### Secretary

Mr Mauro Piccini

### Registered Office

Suite 2, Level 1  
1 Altona Street  
West Perth WA 6005

Telephone: 08 6559 1792

Website: [www.axxis.com](http://www.axxis.com)

### Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: ECS)

### Auditors

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### Bankers

Westpac Banking Corporation  
Level 13, 109 St Georges Terrace  
Perth WA 6000

### Solicitors

Nova Legal  
Level 2, 50 Kings Park Road  
West Perth WA 6005

### Share Registry

Computershare Investor Services Pty Ltd  
Level 11  
172 St Georges Terrace  
Perth WA 6000

Telephone: 1300 787 272

## Directors' Report

The Directors of ECS Botanics Holdings Ltd (“ECS” or “the Company”) present their report, together with the financial statements of the Company for the year ended 30 June 2019.

### DIRECTORS

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

**Alexander Keach** | Managing Director  
(Appointed 11 July 2019)

Alex has a degree in Rural Business Management and is a graduate of the Australian Institute of Company Directors (GAICD). Alex was born in Tasmania, has farming interests in Tasmania, and brings with him significant industry experience and stakeholder relationships. Alex is a board member of the Hemp Association of Tasmania (HAT). In addition to his industry experience, Alex also has corporate experience and ASX board experience. Alex has a diverse background with 14 years' experience working in financial markets as a senior manager, investor, adviser and fund manager. Alex has also acted as a corporate advisor, and managed the development and implementation of new strategies, governance and change management within an organisation. Alex has founded, grown and financed companies across agriculture, financial services and mining. Alex has practical skills in agriculture including many years' experience working on properties, including the cultivation of poppies, a narcotic raw material that is further processed to become an active pharmaceutical ingredient. Alex is responsible for the overall corporate development and governance, supply management, capital and investor management, and building industry relationships.

During the past three years, Mr Keach held the following directorships in other ASX listed companies:

- Non-Executive Director of Sunvest Corporation Limited (Resigned November 2018); and
- Lanka Graphite Limited (Resigned September 2017).

**Mr David McCredie** | Non-Executive chair  
(Appointed 11 July 2019)

David has been the CEO of the Australian British Chamber of Commerce since 2010. His interactions with a broad range of industries both in Australia and the UK enables him to provide crucial advice to government, non-government and private sector organisations on best practice in a range of fields, including business strategy, marketing, financing, political and government connectivity. David has strong strategic and business development capabilities, becoming a highly regarded resource for those looking to broaden exposure within their sector, across industries and into new markets. David has a Bachelor of Arts and a Masters of Business Administration.

Mr McCredie does not hold and has not held a directorship in any other public listed company over the past 3 years

**Jeremy King** | Non-Executive Director  
(Appointed 11 January 2017)

Mr King is a corporate lawyer and adviser with over 20 years' experience in domestic and international legal, financial and corporate matters. Mr King is a director of a boutique corporate advisory and compliance business where he specializes in corporate and strategic advice and managing legal issues associated with clients. He spent several years in London where he worked with Allen and Overy LLP and Debevoise & Plimpton LLP and has extensive experience, particularly in relation to cross border private equity, leveraged buy-out acquisitions and acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings. He regularly advises ASX listed companies on corporate and commercial matters.

## Directors' Report

During the past three years, Mr King held the following directorships in other ASX listed companies:

- Executive Director of Red Mountain Mining Limited (current);
- Non-Executive Director of Transcendence Technologies Limited (current);
- Non-Executive Director of Smart Parking Limited (current);
- Non-Executive Director of EHR Resources Limited (current);
- Non-Executive Director of Sultan Resources Limited (current);
- Non-Executive Chairman of Aldoro Resources Limited (current);
- Non-Executive Director of Tando Resources Limited (Resigned July 2019);
- Non-Executive Director of DTI Group Limited (Resigned January 2019);
- Non-Executive Chairman of Pure Minerals Limited (Resigned November 2018) and
- Non-Executive Director of Aquaint Capital Holdings Limited (resigned October 2017).

### **Michael Nitsche** | Non-Executive Director

*(Appointed 25 March 2019)*

Michael is the founder and Executive Director of ARQ Capital, a boutique corporate advisory firm based in Perth, Western Australia. He has extensive experience in equity capital markets, particularly advising on deal structuring for IPO's, equity capital raisings, mergers and acquisitions.

From 2011 to 2014 Michael served as Institutional Advisor and Associate Director at two of Australia's most respected stockbroking firms. Michael has held directorships that span public and private boards across multiple market sectors. He holds a post graduate Diploma in Applied Finance with a major in Wealth Management through FINSIA.

Mr Nitsche does not hold and has not held a directorship in any other public listed company over the past 3 years.

### **Justyn Stedwell** | Non-Executive Director

*(Appointed 31 March 2016, resigned 15 July 2019)*

Mr Stedwell holds a Bachelor of Business and Commerce (Management and Economics) at Monash University, a Graduate Diploma of accounting at Deakin University, a Graduate Diploma in Applied Corporate Governance with Chartered Secretaries Australia and a Graduate Certificate of Applied Finance with Kaplan Professional.

During the past three years, Mr Stedwell held the following directorships in other ASX listed companies:

- Company Secretary of Lifespot Health Limited 29 March 2018 to 12 April 2018; and
- Director of I-Global Holdings Limited 30 August 2017 to current.

### **Eddie King** | Non-Executive Director

*(Appointed 11 January 2017, resigned 25 March 2019)*

Mr King is a qualified Mining Engineer. He holds a Bachelor of Commerce and Bachelor of Engineering from the University of Western Australia. His past experience includes being manager for an investment banking firm, where he specialised in the technical and financial requirements of bulk commodity and other resources projects.

During the past three years, Mr King held the following directorships in other ASX listed companies:

- Non-Executive Chairman of Pure Minerals Limited (current);
- Non-Executive Director of Six Sigma Metals Limited (current);
- Non-Executive Director of European Cobalt Limited (current);
- Non-Executive Director and Chairman of Easter Iron Limited (current);
- Non-Executive Director of Ragnar Metals Limited (formerly, Drake Resources Limited) (current);
- Non-Executive Director of Sultan Resources Limited (resigned March 2019);
- Non-Executive Director of Axxis Technology Limited (resigned March 2019);
- Non-Executive Chairman of Bowen Coking Coal Limited (resigned December 2018) and
- Non-Executive Chairman of Lindian Resources Limited (resigned January 2018).

## Directors' Report

### COMPANY SECRETARY

#### Mauro Piccini

(Appointed 06 November 2017)

Mauro Piccini is a corporate advisor at Mirador Corporate, where he specialises in corporate advisory, company secretarial and financial management services. He spent 7 years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines. Mauro is currently the Company Secretary of Tando Resources Limited (ASX:TNO), Six Sigma Metals Ltd (ASX:SI6), Red Mountain Mining Ltd (ASX:RMX), Pure Minerals Limited (ASX:PM1) and Sultan Resources Ltd (ASX:SLZ). Mauro started his career in the Perth office of Ernst and Young where he spent several years in their assurance division, and is a Chartered Accountant and member of the Governance Institute of Australia.

### INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

The following table sets out each current Director's relevant interest in shares and options of the Company or a related body corporate as at the date of this report.

| Director           | Ordinary Shares   | Share Options     | Performance Rights |
|--------------------|-------------------|-------------------|--------------------|
| Mr Alex Keach      | 90,548,668        | 937,500           | 41,337,435         |
| Mr Jason McCredie  | 425,611           | 937,500           | 194,301            |
| Mr Jeremy King     | -                 | 11,000,000        | -                  |
| Mr Michael Nitsche | -                 | 5,500,000         | -                  |
| <b>Total</b>       | <b>90,974,279</b> | <b>18,375,000</b> | <b>41,531,736</b>  |

### PRINCIPAL ACTIVITIES

ECS Botanics is an early stage agribusiness and food company with a main focus on industrial hemp. ECS' office operates out of New South Wales, and its current farming activities are based in Tasmania and Queensland.

### REVIEW AND RESULTS OF OPERATIONS

#### Overview

On 22 July 2019, Axxis Technology Group Limited, was officially reinstated to the ASX as ECS Botanics Holdings Limited after the successful acquisition of 100% of the issued capital of agribusiness and hemp food company ECS Botanics Pty Ltd.

ECS' vision is to establish a leading industrial hemp company, with the aim to obtain and maintain the necessary licences granted to cultivate, manufacture and supply hemp food products throughout Australia. The strategy applied by ECS is to operate across the industrial hemp food supply chain, insourcing and outsourcing where required. The ultimate objective of ECS is to be the leading hemp food supplier in Australia, and subject to growth and regulatory compliance, potentially in other countries. ECS aims to take advantage of the hemp industry growth by launching a range of wholesale and retail hemp food products in Australia. Based on the benefits of consuming hemp food products and growing demand of vegan and plant-based proteins and more alkaline foods, the team of ECS Botanics believe that hemp industry is likely to experience rapid growth in the near future.

#### Financial Performance

The financial results of the Company for the year ended 30 June 2019 are:

|                           | 30-Jun-19<br>\$ | 30-Jun-18<br>\$ |
|---------------------------|-----------------|-----------------|
| Cash and cash equivalents | 6,399,292       | 205,045         |
| Net Assets/(liability)    | (127,847)       | 188,484         |
| Revenue                   | 1,384           | 21,643          |
| Net loss after tax        | (567,116)       | (218,712)       |

## Directors' Report

### DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

No dividend is recommended in respect of the current financial year.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in state of affairs during and subsequent to the end of the financial year include:

#### Board Appointments and Resignations

On 25 March 2019, the Company appointed Michael Nitsche Non-Executive Director of ECS Botanics Holdings Ltd. On the same day, Eddie King resigned as Non-Executive Director.

On 11 July 2019, the Company appointed Mr Alexander Keach, Managing Director of ECS Botanics Holdings Ltd. On the same day, Mr Davide McCredie was appointed Non-Executive chair.

On 15 July 2019, Justyn Stedwell resigned as Non-Executive Director.

### MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 22 July 2019, Axxis Technology Group Limited, was officially reinstated to the ASX as ECS Botanics Holdings Limited after the successful acquisition of 100% of the issued capital of agribusiness and hemp food company ECS Botanics Pty Ltd.

As a part of the acquisition the company issued 297,500,000 consideration shares and 131,250,000 performance rights to the Vendors of ECS as consideration for the Company's acquisition of 100% of the issued capital of ECS. Please refer to the prospectus for further information.

On 16 July 2019, the Company issued 162,500,000 ordinary shares at an issue price of \$0.04 per shares to raise \$6,500,000.

On the same day the Company issued 20,375,000 unquoted options exercisable at \$0.08 on or before 16 January 2023 to existing and new directors of the Company.

On 13 August 2019, the Company secured a strategic investment in TapAgrico. ECS will invest an initial \$750,000 in TapAgrico for a 28.4% stake in the business. In addition ECS has been granted a call option to increase this stake to 34.6% on the same terms. On the same day a distribution agreement with Eden Foods was signed.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

### LIKELY DEVELOPMENTS AND EXPECTED RESULTS

ECS aims to enter the hemp food industry by launching its range of retail and wholesale hemp food products in the second to third quarter of 2019. ECS Botanics has entered into various agreements with third-parties along the supply chain that would help ECS to achieve its goals. Currently, ECS cultivates its own hemp seed and also sources hemp seed supply from its Tasmanian based suppliers.

ECS aims to work directly with farmers to develop a high quality supply of hemp seed that will be used as a key raw material for all of its the hemp food product range. ECS also actively engages with its key suppliers, processors and manufacturers. Given these close relationships, ECS anticipates it will be able to react rapidly and respond to change in customer trends and preferences.

ECS plans to expand its distribution channel further and increases direct channel sales to customers. This would be done by engaging more aggressively with both large and smaller size retailers, including, supermarkets, retailer stores, and online marketplaces

## Directors' Report

### DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

| Director           | Number Eligible to Attend | Number Attended |
|--------------------|---------------------------|-----------------|
| Mr Jeremy King     | 1                         | 1               |
| Mr Michael Nitsche | 0                         | 0               |
| Mr Justyn Stedwell | 1                         | 1               |
| Mr Eddie King      | 1                         | 1               |

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement.

### REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2019 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

#### a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Company during the year:

|                    |                                                                            |
|--------------------|----------------------------------------------------------------------------|
| Mr Jeremy King     | Non-Executive Director (appointed 11 January 2017)                         |
| Mr Michael Nitsche | Non-Executive Director (appointed 25 March 2019)                           |
| Mr Justyn Stedwell | Non-Executive Director (appointed 31 March 2016, resigned 15 July 2019)    |
| Mr Eddie King      | Non-Executive Director (appointed 11 January 2017, resigned 25 March 2019) |

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

- A Remuneration Philosophy
- B Remuneration Governance, Structure and Approvals
- C Remuneration and Performance
- D Details of Remuneration
- E Service Agreements
- F Share-based Compensation
- G Equity Instruments Issued on Exercise of Remuneration Options
- H Loans with KMP
- I Other Transactions with KMP

## Directors' Report

### A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Company. KMP of the Company comprise of the Board of Directors.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

### B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Company's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Company renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

#### ❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall initially be no more than A\$200,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive is detailed in Section D and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

#### ❖ Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Company, the performance of the Executives and the general pay environment.

## Directors' Report

### ❖ Executive Remuneration Approvals

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and performance of the executives.

### C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Company as at 30 June 2019.

|                         | 30-Jun-19 | 30-Jun-18 |
|-------------------------|-----------|-----------|
| Revenue (\$)            | 1,384     | 21,643    |
| Net loss after tax (\$) | (567,116) | (218,712) |
| EPS (cents)             | (1.374)   | (0.562)   |

### Relationship between Remuneration and Company Performance

Given the recent listing of the Company and the current phase of the Company's development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

- a) Fixed Remuneration – base salary
- b) Variable Short-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

#### a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

#### b) Variable Remuneration – Short Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year.

## Directors' Report

### D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Company during the financial year are:

Table 1 – Remuneration of KMP of the Company for the year ended 30 June 2019 is set out below:

| 30 June 2019                    | Short-term Employee Benefits |                       |       | Post-Employment | Share Based Payments | Total         |
|---------------------------------|------------------------------|-----------------------|-------|-----------------|----------------------|---------------|
|                                 | Salary & fees                | Non-monetary benefits | Other | Superannuation  | Options              |               |
|                                 | \$                           | \$                    | \$    | \$              | \$                   | \$            |
| <b>Directors</b>                |                              |                       |       |                 |                      |               |
| Justyn Stedwell <sup>(i)</sup>  | 24,000                       | -                     | -     | -               | -                    | 24,000        |
| Eddie King <sup>(ii)</sup>      | 17,613                       | -                     | -     | -               | -                    | 17,613        |
| Jeremy King <sup>(iii)</sup>    | 24,000                       | -                     | -     | -               | -                    | 24,000        |
| Michael Nitsche <sup>(iv)</sup> | 6,387                        | -                     | -     | -               | -                    | 6,387         |
| <b>Total</b>                    | <b>72,000</b>                | -                     | -     | -               | -                    | <b>72,000</b> |

- (i) An amount of \$24,000 has been paid/ is payable to Stedwell Corporate Pty Ltd relating to Justyn Stedwell's Director's fees.
- (ii) An amount of \$17,613 has been paid/ is payable to CPS Capital Pty Ltd relating to Eddie King's Director's fees.
- (iii) An amount of \$24,000 has been paid/ is payable to Bushwood Nominees Pty Ltd relating to Jeremy King's Director's fees.
- (iv) An amount of \$6,387 is payable to ARQ Capital Pty Ltd relating to Michael Nitsche's Director's fees.

| 30 June 2018                   | Short-term Employee Benefits |                       |       | Post-Employment | Share Based Payments | Total         |
|--------------------------------|------------------------------|-----------------------|-------|-----------------|----------------------|---------------|
|                                | Salary & fees                | Non-monetary benefits | Other | Superannuation  | Options              |               |
|                                | \$                           | \$                    | \$    | \$              | \$                   | \$            |
| <b>Directors</b>               |                              |                       |       |                 |                      |               |
| Justyn Stedwell <sup>(i)</sup> | 24,000                       | -                     | -     | -               | -                    | 24,000        |
| Eddie King <sup>(ii)</sup>     | 24,000                       | -                     | -     | -               | -                    | 24,000        |
| Jeremy King <sup>(iii)</sup>   | 24,000                       | -                     | -     | -               | -                    | 24,000        |
| <b>Total</b>                   | <b>72,000</b>                | -                     | -     | -               | -                    | <b>72,000</b> |

- (i) An amount of \$24,000 has been paid to Stedwell Corporate Pty Ltd relating to Justyn Stedwell's Director's fees.
- (ii) An amount of \$24,000 has been paid/ is payable to CPS Capital Pty Ltd relating to Eddie King's Director's fees.
- (iii) An amount of \$24,000 has been paid to Bushwood Nominees Pty Ltd relating to Jeremy King's Director's fees.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 2 – Relative proportion of fixed vs variable remuneration expense

| Name             | Fixed Remuneration |      | At Risk – STI (%) |      | At Risk – LTI (%) |      |
|------------------|--------------------|------|-------------------|------|-------------------|------|
|                  | 2019               | 2018 | 2019              | 2018 | 2019              | 2018 |
| <b>Directors</b> |                    |      |                   |      |                   |      |
| Justyn Stedwell  | 100%               | 100% | -                 | -    | -                 | -    |
| Eddie King       | 100%               | 100% | -                 | -    | -                 | -    |
| Jeremy King      | 100%               | 100% | -                 | -    | -                 | -    |
| Michael Nitsche  | 100%               | -    |                   |      |                   |      |

## Directors' Report

Table 3 – Shareholdings of KMP (direct and indirect holdings)

| 30 June 2019     | Balance at 01/07/2018 | Granted as Remuneration | On Exercise of Options | Net Change – Other | Balance at 30/06/2019 |
|------------------|-----------------------|-------------------------|------------------------|--------------------|-----------------------|
| <b>Directors</b> |                       |                         |                        |                    |                       |
| Justyn Stedwell  | 5,000                 | -                       | -                      | -                  | 5,000                 |
| Eddie King       | -                     | -                       | -                      | -                  | -                     |
| Jeremy King      | -                     | -                       | -                      | -                  | -                     |
| Michael Nitsche  | -                     | -                       | -                      | -                  | -                     |
| <b>Total</b>     | <b>5,000</b>          | -                       | -                      | -                  | <b>5,000</b>          |

### E Service Agreements

There are no Executives or Key Management Personnel under service agreements at 30 June 2019.

### F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

### G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

### H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2019.

### I Other Transactions with KMP

| Related Party Transactions                                                                                                                                                                                                                     |            |            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
|                                                                                                                                                                                                                                                | 2019<br>\$ | 2018<br>\$ |
| The following related party transactions were made during the year:                                                                                                                                                                            |            |            |
| Director Fees paid to CPS Capital Group Pty Ltd <sup>(i)</sup>                                                                                                                                                                                 | 17,613     | 24,000     |
| Director Fees paid/payable to Bushwood Nominees Pty Ltd <sup>(ii)</sup>                                                                                                                                                                        | 24,000     | 24,000     |
| Director Fees paid/payable to Stedwell Corporate Pty Ltd <sup>(iii)</sup>                                                                                                                                                                      | 24,000     | 24,000     |
| Director Fees payable to ARQ Capital Pty Ltd <sup>(iv)</sup>                                                                                                                                                                                   | 6,387      | -          |
| Financial management fees paid to Mirador Corporate Pty Ltd <sup>(iii)</sup>                                                                                                                                                                   | 141,625    | 67,625     |
| (i) An entity in which Eddie King was a Director during the period.<br>(ii) An entity in which Jeremy King is a Director.<br>(iii) An entity in which Justyn Stedwell is a Director.<br>(iv) An entity in which Michael Nitsche is a Director. |            |            |

There were no other transactions with KMP during the year ended 30 June 2019.

### End of Audited Remuneration Report.

## Directors' Report

### INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to ensure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

### OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF BDO AUDIT (WA) PTY LTD

There are no officers of the company who are former partners at BDO Audit (WA) Pty Ltd.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 15 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

## Directors' Report

### SHARE UNDER OPTION

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 20,375,000 unquoted options exercisable at \$0.08 on or before 16 January 2023

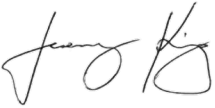
### SHARE ISSUED ON THE EXERCISE OF OPTIONS

At the date of this report there were no issued shares on the exercise of options granted during the period 30 June 2019. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

### AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and included within these financial statements.

This report is signed in accordance with a resolution of Board of Directors.



**Jeremy King**  
**Non-Executive Director**  
30 August 2019

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF ECS BOTANICS HOLDINGS LTD

As lead auditor of ECS Botanics Holdings Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ECS Botanics Holdings Ltd and the entities it controlled during the period.



Jarrad Prue  
Director

BDO Audit (WA) Pty Ltd  
Perth, 30 August 2019

## Statement of Profit or Loss and Other Comprehensive Income For the Financial Year Ended 30 June 2019

|                                                                                                 | Note | 2019<br>\$       | 2018<br>\$       |
|-------------------------------------------------------------------------------------------------|------|------------------|------------------|
| <b>Revenue from continuing operations</b>                                                       |      |                  |                  |
| Revenue                                                                                         | 4    | 1,384            | 21,643           |
| <b>Expenses</b>                                                                                 |      |                  |                  |
| Administrative expenses                                                                         |      | (19,758)         | (24,980)         |
| Compliance and regulatory expenses                                                              |      | (102,916)        | (35,443)         |
| Consultant and corporate advisory fees                                                          |      | (4,807)          | (20,000)         |
| Director fees                                                                                   |      | (72,000)         | (72,000)         |
| Legal fees                                                                                      |      | (181,379)        | -                |
| Company secretary and financial management                                                      |      | (141,625)        | (67,625)         |
| Professional fees                                                                               |      | (46,015)         | (20,307)         |
| <b>Loss before income tax</b>                                                                   |      | <b>(567,116)</b> | <b>(218,712)</b> |
| Income tax expense                                                                              | 5    | -                | -                |
| <b>Loss after income tax</b>                                                                    |      | <b>(567,116)</b> | <b>(218,712)</b> |
| <b>Other comprehensive income</b>                                                               |      |                  |                  |
| Other comprehensive income for the year, net of income tax                                      |      | -                | -                |
| <b>Other comprehensive income for the year, net of tax</b>                                      |      | <b>-</b>         | <b>-</b>         |
| <b>Total comprehensive loss attributable to the members of ECS Botanics Holdings Limited</b>    |      |                  |                  |
|                                                                                                 |      | <b>(567,116)</b> | <b>(218,712)</b> |
| <b>Loss per share for the year attributable to the members of ECS Botanics Holdings Limited</b> |      |                  |                  |
| Basic loss per share (cents)                                                                    | 6    | (1.374)          | (0.562)          |
| Diluted loss per share (cents)                                                                  | 6    | (1.374)          | (0.562)          |

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

## Statement of Financial Position

### As at 30 June 2019

|                                            | Note | 2019<br>\$       | 2018<br>\$     |
|--------------------------------------------|------|------------------|----------------|
| <b>ASSETS</b>                              |      |                  |                |
| <b>Current assets</b>                      |      |                  |                |
| Cash and cash equivalents                  | 7    | 6,399,292        | 205,045        |
| Trade and other receivables                | 8    | 715,884          | 7,672          |
| <b>Total current assets</b>                |      | <b>7,115,176</b> | <b>212,717</b> |
| <b>Total assets</b>                        |      | <b>7,115,176</b> | <b>212,717</b> |
| <b>LIABILITIES</b>                         |      |                  |                |
| <b>Current liabilities</b>                 |      |                  |                |
| Trade and other payables                   | 9    | 743,023          | 24,233         |
| Funds received in advance                  | 9(a) | 6,500,000        |                |
| <b>Total current liabilities</b>           |      | <b>7,243,023</b> | <b>24,233</b>  |
| <b>Total liabilities</b>                   |      | <b>7,243,023</b> | <b>24,233</b>  |
| <b>Net Assets/(liability)</b>              |      | <b>(127,847)</b> | <b>188,484</b> |
| <b>EQUITY</b>                              |      |                  |                |
| Contributed equity                         | 10   | 51,798,939       | 51,548,154     |
| Accumulated losses                         |      | (51,926,786)     | (51,359,670)   |
| <b>Total equity/(deficiency in equity)</b> |      | <b>(127,847)</b> | <b>188,484</b> |

The Statement of Financial Position should be read in conjunction with the notes to the financial statements.

## Statement of Changes in Equity

### For the Financial Year Ended 30 June 2019

|                                                                     | Issued<br>Capital<br>\$ | Other Equity<br>\$ | Share-based<br>Payment<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>\$      |
|---------------------------------------------------------------------|-------------------------|--------------------|-----------------------------------------|-----------------------------|------------------|
| <b>At 1 July 2018</b>                                               | <b>51,548,154</b>       | -                  | -                                       | <b>(51,359,670)</b>         | <b>188,484</b>   |
| Loss after income tax for the year                                  | -                       | -                  | -                                       | <b>(567,116)</b>            | <b>(567,116)</b> |
| Other comprehensive income                                          | -                       | -                  | -                                       | -                           | -                |
| <b>Total comprehensive income/(loss)<br/>for the year after tax</b> | -                       | -                  | -                                       | <b>(567,116)</b>            | <b>(567,116)</b> |
| <b>Transactions with owners in their<br/>capacity as owners</b>     | -                       | -                  | -                                       | -                           | -                |
| Issue of share capital                                              | <b>276,909</b>          | -                  | -                                       | -                           | <b>276,909</b>   |
| Share issue costs                                                   | <b>(26,124)</b>         | -                  | -                                       | -                           | <b>(26,124)</b>  |
| <b>At 30 June 2019</b>                                              | <b>51,798,939</b>       | -                  | -                                       | <b>(51,926,786)</b>         | <b>(127,847)</b> |
| <b>At 1 July 2017</b>                                               | <b>51,548,154</b>       | -                  | -                                       | <b>(51,140,958)</b>         | <b>407,196</b>   |
| Loss after income tax for the year                                  | -                       | -                  | -                                       | <b>(218,712)</b>            | <b>(218,712)</b> |
| Other comprehensive income                                          | -                       | -                  | -                                       | -                           | -                |
| <b>Total comprehensive income/(loss)<br/>for the year after tax</b> | -                       | -                  | -                                       | <b>(218,712)</b>            | <b>(218,712)</b> |
| <b>Transactions with owners in their<br/>capacity as owners</b>     | -                       | -                  | -                                       | -                           | -                |
| <b>At 30 June 2018</b>                                              | <b>51,548,154</b>       | -                  | -                                       | <b>(51,359,670)</b>         | <b>188,484</b>   |

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

## Statement of Cash Flows

### For the Financial Year ended 30 June 2019

|                                                               | Note | 2019<br>\$       | 2018<br>\$       |
|---------------------------------------------------------------|------|------------------|------------------|
| <b>Cash flows from operating activities</b>                   |      |                  |                  |
| Receipts from customers                                       |      | -                | -                |
| Payments to suppliers and employees                           |      | (387,921)        | (238,606)        |
| Interest received                                             |      | 1,382            | 21,643           |
| <b>Net cash used in operating activities</b>                  | 7(a) | <b>(386,539)</b> | <b>(216,963)</b> |
| <b>Cash flows from investing activities</b>                   |      |                  |                  |
| Payment of Loan to WindTurbine Pty Ltd from AYG               |      | -                | (200,000)        |
| Payment of Loan from WindTurbine Pty Ltd to AYG               |      | -                | 200,000          |
| <b>Net cash from investing activities</b>                     |      | <b>-</b>         | <b>-</b>         |
| <b>Cash flows from financing activities</b>                   |      |                  |                  |
| Proceeds from issue of shares                                 |      | 276,910          | -                |
| Payment of share issue costs                                  |      | (26,124)         | -                |
| Proceeds from shares to be issued                             |      | 6,328,000        | -                |
| Proceeds to refunded from shares to be issued                 |      | 2,000            | -                |
| <b>Net cash from financing activities</b>                     |      | <b>6,580,786</b> | <b>-</b>         |
| <b>Net increase / (decrease) in cash and cash equivalents</b> |      | <b>6,194,247</b> | <b>(216,963)</b> |
| <b>Cash and cash equivalents at the beginning of the year</b> |      | <b>205,045</b>   | <b>422,008</b>   |
| <b>Cash and cash equivalents at the end of the year</b>       | 7    | <b>6,399,292</b> | <b>205,045</b>   |

The Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting Entity

ECS Botanical Holdings Limited (referred to as “ECS” or the “Company”) is a company domiciled in Australia. The address of the Company’s registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The financial statements are presented in Australian dollars, which is ECS Botanical Holdings Limited’s functional and presentation currency.

#### (b) Basis of Preparation

##### ***Statement of compliance***

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”). ECS Botanical Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 30 August 2019.

##### ***Basis of measurement***

The financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

##### ***Accounting Policies***

The accounting policies are consistent with those applied in the previous financial year and those of the corresponding interim reporting period.

##### ***Adoption of new and revised accounting standards***

A number of new or amended standards became applicable for the current reporting period for which the Company has adopted

- AASB 15 Revenue from Contracts with Customers; and
- AASB 9 Financial Instruments.

There is no impact on the Company for the year ended 30 June 2019.

##### ***Basis of preparation and changes to the Group’s accounting policies***

##### ***AASB 15 Revenue from contracts with Customers***

AASB 15 Revenue from contracts with Customers replaces AASB 118 Revenue. AASB 15 was adopted by the Group on 1 July 2018. AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers.

The Company has considered AASB 15 in detail and determined that the impact on the Company’s sales revenue from contracts under AASB 15 is insignificant for the year.

The Company’s new revenue accounting policy is detailed below:

Revenue is recognised when or as the Company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled. If the consideration promised includes a variable component, the Company estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

##### ***AASB 9 Financial Instruments***

AASB 9 Financial Instruments replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from 1 July 2018 did not give rise to any material transitional adjustments. The new accounting policies (applicable from 1 July 2018) are set out below.

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated.

#### Classification and measurement

Except for certain trade receivables the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

#### Impairment

From 1 July 2018 the Company assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience.

#### ***Significant Judgements and Estimates***

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

#### **(c) Comparatives**

Comparative balances for the Company are for the financial year 1 July 2017 to 30 June 2018.

#### **(d) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

#### **(e) Revenue Recognition**

Revenue is recognised when or as the Company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled. If the consideration promised includes a variable component, the Company estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

#### ***Interest revenue***

Interest revenue is recognised as it accrues, using the effective interest method.

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (g) Cash and Cash Equivalents

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

#### (h) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

#### (i) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (j) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Company. Trade payables are usually settled within 30 days of recognition.

#### (k) 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, for example as a 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.

#### (l) Earnings Per Share

##### ***Basic earnings per share***

Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the Company, 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 and excluding treasury shares.

##### ***Diluted earnings per share***

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

#### (m) Goods and Services Tax ("GST")

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables area stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

## Notes to the Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### (n) Current and Non-Current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

#### (o) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

#### (p) New Accounting standards and interpretation not yet mandatory or early adopted – AASB 16

##### AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. The Company will adopt this standard from 1 July 2019 and its impact on adoption is not expected to be material.

### NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future balances.

#### Funds received in advance

During the year the Company received funds in advance of \$6,330,946 with regards to the capital raising pursuant to the prospectus dated 18 June 2019, with the shares later being issued subsequent to year end on the 22 July 2019. Management have performed an assessment on the nature and obligations of the funds received in advance and determined that the funds of \$6,330,946 as at 30 June 2019 should be recognised as a financial liability. Subsequent to year end all shares pertaining to the funds received in advance were issued and as such recognised within issued capital.

### NOTE 3 SEGMENT INFORMATION

#### Identification of reportable operating segments

The information reported to the Board of Directors (being the Chief Operating Decision Makers ("CODM")), are the results as shown in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position.

The Directors have determined that there are no operating segments identified for the year which are considered separately reportable.

## Notes to the Financial Statements

### NOTE 4 REVENUE

|                      | 2019<br>\$ | 2018<br>\$ |
|----------------------|------------|------------|
| <i>Other revenue</i> |            |            |
| Interest received    | 1,384      | 21,643     |

### NOTE 5 INCOME TAX

|                                                                                                                               | 2019<br>\$ | 2018<br>\$ |
|-------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| <b>(a) The components of tax expense comprise:</b>                                                                            |            |            |
| Current tax                                                                                                                   | -          | -          |
| Deferred tax                                                                                                                  | -          | -          |
| Income tax expense reported in the of profit or loss and other comprehensive income                                           | -          | -          |
| <b>(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:</b> |            |            |
| Loss before income tax expense                                                                                                | (567,116)  | (218,712)  |
| Prima facie tax benefit on loss before income tax at 27.5% (2018: 27.5%)                                                      | (155,957)  | (60,146)   |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income:                                          | -          | -          |
|                                                                                                                               | (155,957)  | (60,146)   |
| Current year tax losses not recognised                                                                                        | (155,957)  | 60,146     |
| Income tax expense                                                                                                            | -          | -          |

### NOTE 6 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

|                                                                                 | 2019<br>\$ | 2018<br>\$ |
|---------------------------------------------------------------------------------|------------|------------|
| Net loss attributable to ordinary equity holders of the Company                 | (567,116)  | (218,712)  |
| Weighted average number of ordinary shares for basic and diluted loss per share | 41,276,252 | 38,937,402 |
| <b>Continuing operations</b>                                                    |            |            |
| - Basic and diluted loss per share (cents)                                      | (1.374)    | (0.562)    |

## Notes to the Financial Statements

### NOTE 7 CASH AND CASH EQUIVALENTS

|                                                 | 2019             | 2018           |
|-------------------------------------------------|------------------|----------------|
|                                                 | \$               | \$             |
| Cash at bank                                    | 68,346           | 205,045        |
| Cash received in advance of shares to be issued | 6,330,946        | -              |
|                                                 | <b>6,399,292</b> | <b>205,045</b> |

Cash at bank earns interest at floating rates based on daily deposit rates.

The Company's exposure to interest rate and credit risks is disclosed in Note 11.

#### (a) Reconciliation of net loss after tax to net cash flows from operations

|                                                      |                  |                  |
|------------------------------------------------------|------------------|------------------|
| Loss for the financial year                          | (567,116)        | (218,712)        |
| Non Cash Items                                       |                  |                  |
| Funds received in advance                            | 172,000          | -                |
| <i>Changes in assets and liabilities</i>             |                  |                  |
| (Increase) / decrease in trade and other receivables | (708,213)        | (5,403)          |
| Increase / (decrease) in trade and other payables    | 716,790          | 7,152            |
| <b>Net cash used in operating activities</b>         | <b>(386,539)</b> | <b>(216,963)</b> |

### NOTE 8 TRADE AND OTHER RECEIVABLES

|                                              | 2019           | 2018         |
|----------------------------------------------|----------------|--------------|
|                                              | \$             | \$           |
| Goods and services tax ("GST") receivable    | 2,779          | 7,672        |
| Prepayments                                  | 509,326        | -            |
| Funds held in trust on behalf of the Company | 172,000        | -            |
| Other receivables                            | 31,779         | -            |
|                                              | <b>715,884</b> | <b>7,672</b> |

#### (a) Allowance for impairment loss

Receivables past due but not considered impaired are nil (2018: Nil). Other receivables are non-interesting bearing and are generally on terms of 30 days.

### NOTE 9 TRADE AND OTHER PAYABLES

|                  | 2019           | 2018          |
|------------------|----------------|---------------|
|                  | \$             | \$            |
| Trade Payables   | 159,394        | -             |
| Accrued expenses | 581,629        | 12,500        |
| Other Payables   | 2,000          | 11,733        |
|                  | <b>743,023</b> | <b>24,233</b> |

### NOTE 9(a) FUNDS RECEIVED IN ADVANCE

|                            | 2019             | 2018     |
|----------------------------|------------------|----------|
|                            | \$               | \$       |
| Funds received in advance* | 6,500,000        | -        |
|                            | <b>6,500,000</b> | <b>-</b> |

\*On 16 July 2019, the Company issued 162,500,000 ordinary shares at an issue price of \$0.04 per shares to raise \$6,500,000.

## Notes to the Financial Statements

### NOTE 10 CONTRIBUTED EQUITY

#### (a) Issued and fully paid

|                 | 2019       |            | 2018       |            |
|-----------------|------------|------------|------------|------------|
|                 | No.        | \$         | No.        | \$         |
| Ordinary shares | 47,591,067 | 51,798,939 | 38,937,646 | 51,548,154 |

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

#### (b) Movement reconciliation

|                           | Number     | \$         |
|---------------------------|------------|------------|
| At 1 July 2018            | 38,937,646 | 51,548,154 |
| Rights Issue              | 8,653,421  | 276,909    |
| Less equity raising costs | -          | (26,124)   |
| At 30 June 2019           | 47,591,067 | 51,798,939 |

### NOTE 11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unprofitability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed. These methods included sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ('the Board') and includes identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits.

The carrying values of the Company's financial instruments are as follows:

|                              | 2019             | 2018           |
|------------------------------|------------------|----------------|
|                              | \$               | \$             |
| <b>Financial Assets</b>      |                  |                |
| Cash and cash equivalents    | 6,399,292        | 205,045        |
| Trade and other receivables  | 715,884          | 7,672          |
|                              | <b>7,115,176</b> | <b>212,717</b> |
| <b>Financial Liabilities</b> |                  |                |
| Trade and other payables     | 743,023          | 24,233         |
| Funds received in advance*   | 6,500,000        | -              |
|                              | <b>7,243,023</b> | <b>24,233</b>  |

\*Post year end this was settled via equity.

#### (a) Market risk

##### (i) Foreign exchange risk

The Company is not significantly exposed to foreign currency risk fluctuations.

##### (ii) Interest rate risk

The Company is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Company's exposure to this risk relates primarily to the Company's cash and any cash on deposit. The Company does not use derivatives to mitigate these exposures. The Company manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities.

## Notes to the Financial Statements

### NOTE 11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

|                           | 2019                                                |               | 2018                                 |               |
|---------------------------|-----------------------------------------------------|---------------|--------------------------------------|---------------|
|                           | Weighted<br>average<br>interest rate <sup>(i)</sup> | Balance<br>\$ | Weighted<br>average interest<br>rate | Balance<br>\$ |
| Cash and cash equivalents | 0.02%                                               | 6,399,292     | 0.59%                                | 205,045       |

(i) This interest rate represents the average interest rate for the period on cash balances.

#### Sensitivity

Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 0.5% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

At 30 June 2019, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

|                                              | Post-tax profit higher/(lower) |         |
|----------------------------------------------|--------------------------------|---------|
|                                              | 2019                           | 2018    |
| Judgements of reasonably possible movements: | \$                             | \$      |
| + 1.0% (100 basis points)                    | 63,993                         | 2,050   |
| - 0.5% (50 basis points)                     | (31,996)                       | (1,025) |

#### (b) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables. The Company's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Company's policy is to trade only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company except for cash and cash equivalents.

#### (c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Company does not have any external borrowings. The following are the contractual maturities of financial liabilities:

|                           | 6 months  | 6-12 months | 1-5 years | > 5 years | Total     |
|---------------------------|-----------|-------------|-----------|-----------|-----------|
| 2019                      | \$        | \$          | \$        | \$        | \$        |
| Trade and other payables  | 743,023   | -           | -         | -         | 743,023   |
| Funds received in advance | 6,500,000 | -           | -         | -         | 6,500,000 |
| 2018                      |           |             |           |           |           |
| Trade and other payables  | 24,233    | -           | -         | -         | 24,233    |

## Notes to the Financial Statements

### NOTE 11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

#### (d) Capital risk management

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

### NOTE 12 RELATED PARTY DISCLOSURE

#### (a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

|                     | 2019<br>\$    | 2018<br>\$    |
|---------------------|---------------|---------------|
| Short-term benefits | 72,000        | 72,000        |
|                     | <b>72,000</b> | <b>72,000</b> |

Information regarding individual Directors compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

#### (b) Related Party Transactions

|                                                                              | 2019<br>\$ | 2018<br>\$ |
|------------------------------------------------------------------------------|------------|------------|
| The following payments occurred with related parties:                        |            |            |
| Director Fees paid to CPS Capital Group Pty Ltd <sup>(i)</sup>               | 21,613     | 24,000     |
| Director Fees paid to Bushwood Nominees Pty Ltd <sup>(ii)</sup>              | 24,000     | 24,000     |
| Director Fees paid to Stedwell Corporate Pty Ltd <sup>(iii)</sup>            | 24,000     | 24,000     |
| Financial management fees paid to Mirador Corporate Pty Ltd <sup>(iii)</sup> | 141,625    | 67,625     |
| Director Fees paid to ARQ Capital Pty Ltd <sup>(iv)</sup>                    | 6,387      | -          |

(i) An entity in which Eddie King was a Director during the period.

(ii) An entity in which Jeremy King is a Director.

(iii) An entity in which Justyn Stedwell is a Director.

(iv) An entity in which Michael Nitsche is a Director.

Information regarding individual Directors compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

## Notes to the Financial Statements

### NOTE 13 COMMITMENTS

There are no commitments as at 30 June 2019 (2018: nil).

### NOTE 14 CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2019 (2018: nil) other than the following:

In relation to the Capital raising and successful relisting, the Company shall pay a RTO Success fee of \$60,000 to the joint lead managers post listing of ECS.

The Company will also issue 10,000,000 facilitation shares in ECS to the lead managers, for the facilitation of the transaction.

### NOTE 15 AUDITOR'S REMUNERATION

|                                                                             | 2019<br>\$    | 2018<br>\$    |
|-----------------------------------------------------------------------------|---------------|---------------|
| <b>Amounts received or due and receivable by BDO (Audit) Pty Ltd for:</b>   |               |               |
| Audit and review of the annual and half-year financial report               | 22,000        | -             |
| Other services – BDO Corporate Finance (WA) Pty Ltd                         |               | -             |
| - Investigating Accountant's Report                                         | 17,020        | -             |
| <b>Amounts received or due and receivable by Crowe Horwath Pty Ltd for:</b> |               |               |
| Audit and review of the annual and half-year financial report               | -             | 16,500        |
|                                                                             | <b>39,020</b> | <b>16,500</b> |

### NOTE 16 EVENTS AFTER THE REPORTING DATE

On 22 July 2019, Axxis Technology Group Limited, was officially reinstated to the ASX as ECS Botanics Holdings Limited after the successful acquisition of 100% of the issued capital of agribusiness and hemp food company ECS Botanics Pty Ltd.

As a part of the acquisition the company issued 297,500,000 consideration shares and 131,250,000 performance rights to the Vendors of ECS as consideration for the Company's acquisition of 100% of the issued capital of ECS. Please refer to the prospectus for further information.

On 16 July 2019, the Company issued 162,500,000 ordinary shares at an issue price of \$0.04 per shares to raise \$6,500,000.

On the same day the Company issued 20,375,000 unquoted options exercisable at \$0.08 on or before 16 January 2023 to existing and new directors of the Company.

On 13 August 2019, the Company secured a strategic investment in TapAgrico, ECS will invest an initial \$750,000 in TapAgrico for a 28.4% stake in the business. In addition ECS has been granted a call option to increase this stake to 34.6% on the same terms. On the same day a distribution agreement with Eden Foods, was signed.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

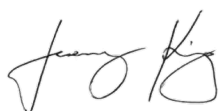
## Directors' Declaration

In the Directors' opinion:

- a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
  - i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - ii) giving a true and fair view of the entity's financial position as at 30 June 2019 and of its performance for the year ended on that date.
- b) The financial statements and notes comply with International Financial Reporting Standards.
- c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



**Jeremy King**  
**Non-Executive Director**  
30 August 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of ECS Botanics Holdings Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of ECS Botanics Holdings Ltd (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of ECS Botanics Holdings Ltd, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

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

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

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

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Capital Raising – Funds received in advance

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                    | How the matter was addressed in our audit                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>During the financial year ended 30 June 2019, the Company received funds in advance as disclosed in Note 9(a) in connection with a capital raising. The Company issued the respective shares subsequent to the reporting date, refer Note 16.</p> <p>Given the nature and significant balance of the funds received in advance and the judgement applied in the classification thereof we considered the Capital Raising a key audit matter.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the underlying transaction through discussions with management;</li> <li>• Reviewing the arrangement and contracts in place in connection with the capital raising; and</li> <li>• Assessing the adequacy of the related disclosures in Note 9(a) and Note 2 to the Financial Report.</li> </ul> |

## Other information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of ECS Botanics Holdings Ltd, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO  


Jarrad Prue

Director

Perth, 30 August 2019

## Corporate Governance Statement

The Company's Directors are committed to conducting the Company's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) (Recommendations) to the extent appropriate to the size and nature of the Company's operations.

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

The Company's Corporate Governance Statement and policies can be found on its website:  
<https://ecsbotanics.com.au/pages/corporate-governance>

## ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 20 August 2018.

### TWENTY LARGEST SHAREHOLDERS

|    |                                                      | Number<br>Held | Percentage<br>(%) |
|----|------------------------------------------------------|----------------|-------------------|
| 1  | KEACH SECURITIES AND INVESTMENTS PTY LTD             | 90,548,668     | 17.84             |
| 2  | HARBOUR CAPITAL ASSET MANAGEMENT PTY LTD             | 74,481,865     | 14.67             |
| 3  | MACQUARIE CROPPING SERVICES PTY LTD                  | 21,280,533     | 4.19              |
| 4  | MR BIN LIU                                           | 12,768,320     | 2.52              |
| 5  | RK LIVESTOCK PTY LTD <TALLAGANDRA DISCRETIONARY A/C> | 11,704,293     | 2.31              |
| 6  | ABACUS GLOBAL PTY LTD                                | 10,640,266     | 2.11              |
| 7  | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED            | 10,640,266     | 1.96              |
| 8  | XCEL CAPITAL PTY LTD                                 | 9,954,444      | 1.96              |
| 9  | MCNEIL NOMINEES PTY LIMITED                          | 6,915,248      | 1.36              |
| 10 | MRS LUYE LI                                          | 6,388,713      | 1.26              |
| 11 | MR YI XIAO                                           | 5,230,000      | 1.03              |
| 12 | ABL CONSULTING PTY LTD <ABL CONSULTING S/FUND A/C>   | 5,000,000      | 0.99              |
| 13 | MR YIQIAN FU                                         | 4,800,000      | 0.95              |
| 13 | DEAD KNICK PTY LTD                                   | 4,285,714      | 0.84              |
| 15 | SCINTILLA STRATEGIC INVESTMENTS LIMITED              | 4,256,107      | 0.84              |
| 16 | MS RAN LI                                            | 4,256,107      | 0.84              |
| 17 | HAPPYBUGS PTY LTD <HAPPYBUGS FAMILY A/C>             | 4,043,301      | 0.80              |
| 18 | JOSHUA BIGGS                                         | 3,745,265      | 0.74              |
| 19 | XCEL CAPITAL PTY LTD                                 | 3,724,093      | 0.73              |
| 20 | MR YUANWEN HU                                        | 3,512,443      | 0.69              |
|    |                                                      | 290,727,460    | 57.28             |

### DISTRIBUTION OF EQUITY SECURITIES

#### (i) Ordinary share capital

- 507,591,067 fully paid shares held by 1,857 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, is:

| Range            | Total holders | Units              | % of Issued<br>Capital |
|------------------|---------------|--------------------|------------------------|
| 1 - 1,000        | 738           | 167,213            | 0.03                   |
| 1,001 - 5,000    | 226           | 553,319            | 0.11                   |
| 5,001 - 10,000   | 153           | 1,221,163          | 0.24                   |
| 10,001 - 100,000 | 529           | 23,456,708         | 4.62                   |
| 100,001 Over     | 345           | 482,192,664        | 95.00                  |
| <b>Total</b>     | <b>1,991</b>  | <b>507,591,067</b> | <b>100</b>             |

#### (ii) Unlisted Options

- 20,375,000 unquoted options held by 5 individual shareholders with an exercise price of \$0.08 and an expiry date of 11 January 2022.

## ASX Additional Information

### SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

|                                          | <b>Holding<br/>Balance</b> | <b>% of Issued<br/>Capital</b> |
|------------------------------------------|----------------------------|--------------------------------|
| KEACH SECURITIES AND INVESTMENTS PTY LTD | 90,548,668                 | 17.84                          |
| HARBOUR CAPITAL ASSET MANAGEMENT PTY LTD | 74,481,865                 | 14.67                          |

### RESTRICTED SECURITIES

There are 70,438,570 fully paid ordinary shares escrowed until 11 July 2020.

There are 227,061,430 fully paid ordinary shares escrowed until 22 July 2021.

There are 99,093,266 fully paid performance rights escrowed until 22 July 2021.

There are 32,156,734 fully paid performance rights escrowed until 11 July 2020.

There are 20,375,000 unquoted options (exercisable at \$0.08, expiring on 11 January 2022) escrowed 22 July 2021.

### UNMARKETABLE PARCELS

There were no holders of less than a marketable parcel of ordinary shares.

### ON-MARKET BUY-BACK

There is no current on-market buy-back.

### ACQUISITION OF VOTING SHARES

No issues of securities have been approved for the purposes of Item 7 of Section 611 of the Corporations Act 2001.

### TAX STATUS

The Company is treated as a public company for taxation purposes.

### FRANKING CREDITS

The Company has no franking credits.

### STATEMENT IN ACCORDANCE WITH ASX LISTING RULE 4.10.19

The Company confirms in the period from admission to the official list of the ASX to 22 July 2019, that it used its cash and assets in a form readily convertible to cash, in a manner consistent with its business objectives.