

Rules 4.1, 4.3

Appendix 4D

Half yearly report

Introduced 1/1/2003.

Name of Entity	Weebit Nano Limited
ACN	146 455 576
Financial Period Ended	31 DECEMBER 2017
Previous Corresponding Reporting Period	31 DECEMBER 2016

Results for Announcement to the Market

	\$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	-	
Loss from ordinary activities after tax attributable to members	1,967,667	90%
Loss for the period attributable to members	1,967,667	
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	-
Interim Dividend	Nil	-
Previous corresponding period	Nil	-
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
The company is a start up technology company with no sales and significant research and development costs.		

The half-yearly report it is to be read in conjunction with the most recent annual financial report.

+ See chapter 19 for defined terms.

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	NIL
Total dividend	NIL
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	0.002	0.002

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	Weebit Nano France
Date control gained	24 November 2017
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	(659,689)
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	-

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	-
Date control lost	-
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	-
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	-

Details of Associates and Joint Venture Entities

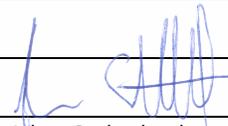
Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
	-	-	-	-

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	X
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:			
Not applicable			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:			
Not applicable			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

Signed By (Director/Company Secretary)	
Print Name	Adam Sutherland
Date	27 February 2018

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2017



ACN 146 455 576

CONTENTS

<i>CORPORATE INFORMATION</i>	1
<i>DIRECTORS' REPORT</i>	2
<i>AUDITOR'S INDEPENDENCE DECLARATION</i>	4
<i>CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</i>	5
<i>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</i>	6
<i>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</i>	7
<i>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</i>	8
<i>NOTES TO THE FINANCIAL STATEMENTS</i>	9
<i>DIRECTORS' DECLARATION</i>	16
<i>INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS</i>	17

CORPORATE INFORMATION

DIRECTORS:

David Perlmutter
Non-Executive Chairman

Yossi Keret
Non-Executive Director

Ananda Kathiravelu
Non-Executive Director

Yoav Nissan Cohen
Non-Executive Director

Ashley Krongold
Non-Executive Director

Jacob Hanoch
Managing Director

COMPANY SECRETARIES:

Mark Licciardo
Adam Sutherland

AUDITORS:

Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
PERTH WA 6000

SOLICITORS - MELBOURNE:

Arnold Bloch Leibler
Level 21
333 Collins Street

BANKERS:

Westpac Banking Corporation
108 Stirling Highway
NEDLANDS WA 6009

REGISTERED & PRINCIPAL OFFICE:

Level 7, 330 Collins Street
MELBOURNE VIC 3000
Telephone: + 61 3 8689 9997
Facsimile: + 613 9602 4709

POSTAL ADDRESS:

Level 7, 330 Collins Street
MELBOURNE VIC 3000

WEBSITE:

www.weebit-nano.com

HOME STOCK EXCHANGE:

Australian Securities Exchange Limited Level
40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

ASX CODE:

WBT

SHARE REGISTRY:

Security Transfers Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report on the Group, being the Company and its subsidiaries, for the half year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names and details of Directors in office at any time during the period were:

Ananda Kathiravelu	Non-Executive Director
David Perlmutter	Non-Executive Chairman (appointed 1 August 2016)
Jacob Hanoch	Managing Director (appointed 1 October 2017)
Yossi Keret	Non-Executive Director (appointed 1 August 2016)
Yoav Nissan Cohen	Executive Director (appointed 15 February 2018)
Ashley Krongold	Non-Executive Director (appointed 30 September 2016)

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

Significant Events

1. On October 1, 2017 Mr. Jacob Hanoch was appointed as CEO and Managing Director of the company. His contractual terms and options granted are described in note 5.
2. On September 21, 2017 the company completed a \$2,500,000 placement. The company issued 166,666,667 shares for \$0.015 per share. Cash cost of fund raising totalled \$326,604. In addition, 150,000,000 options were granted, exercisable at \$0.03 per share expiring June 30, 2020. At December 31, 2017 49,150,002 options were exercised for \$1,474,500.
Subsequent to December 31, 2017, an additional 38,560,000 options were exercised for \$1,156,800.
3. On November 24, 2017, Weebit Nano Israel, a wholly owned subsidiary, incorporated a 100% held R&D subsidiary in France- Weebit Nano France.
4. As announced to the Market on 9 October 2017, during the course of undertaking the Placement to raise \$2.5m in October 2017, the Directors were encouraged to signal their support for the Company by participating. Consequently, Mr Perlmutter, Mr Ben-Shabbat, Mr Kathiravelu and Mr Hanoch chose to take up shares. The Directors were not entitled to participate in the Placement pursuant to Listing Rule 10.11 on the basis that the Directors are related parties of the Company and shareholder approval had not been sought. The total number of shares acquired by the Directors in the Placement was 8,333,334, which amounted to 0.6% of the Company's issued share capital following the Placement. These shares were acquired under the same terms and conditions as those offered to all participants. After consultation with the ASX, and despite the intention to have this participation confirmed at the next general meeting of shareholders, the Directors took corrective action by procuring the disposal of these shares by 6 November 2017 and donating net proceeds on the disposal to a charity recognised by the Australian Charities and Not-for-profits Commission."

Review of Operations

The net loss attributable to members of the Company for the half year ended 31 December 2017 amounted to \$1,967,667 (2016: \$20,508,904, out of which \$17,122,984 represented a share based payment for the cost of listing).

DIRECTORS' REPORT

Subsequent Events

Subsequent to December 31, 2017, 38,560,000 options granted to a consultant as described in note 5 were exercised for \$1,156,800.

Other than as disclosed elsewhere in this report, there are no likely developments in the operations of this report that were not finalised at the date of this report. Further information as to the likely developments in the operations of the group would, in the opinion of the directors, be likely to result in unreasonable prejudice to the group.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the half year ended 31 December 2017 has been received and can be found on page 4.

Auditor

Nexia Perth Audit Services Pty Ltd continues in office in accordance with section 327 of the *Corporation Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.



David Perlmutter
Chairman
Hod Hasharon, Israel
27 February 2018

Auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Weebit Nano Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 31 December 2017 there have been:

- (i) no contraventions of the auditors independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

**Amar Nathwani
Director**

Perth, 27 February 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2017

	Consolidated 31 December 2017 \$	Consolidated 31 December 2016 \$
Revenue & Other Income	-	100,000
Cost of tenements sold	-	(104,740)
Net loss of disposal of tenements	-	(4,740)
Research and Development expenses	(776,127)	(619,706)
Sales and Marketing expenses	(56,070)	(91,562)
General and Administrative expenses	(1,071,127)	(2,749,655)
Listing expenses	-	(17,122,984)
Loss from operations	(1,903,324)	(20,588,647)
Financial income/(expenses)	(64,343)	79,743
Net loss for the period	(1,967,667)	(20,508,904)
Other comprehensive income/(loss)		
Foreign currency translation differences for foreign operations	30,490	(51,884)
Total comprehensive loss for the period	(1,937,177)	(20,560,788)
Total comprehensive loss for the period attributable to owners of the parent	(1,937,177)	(20,560,788)
Basic and diluted loss per share - cents per share	(0.002)	(0.02)

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

Condensed Consolidated Statement of Financial Position

As at 31 December 2017

	Consolidated 31 December 2017	Consolidated 30 June 2017
Note	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	3,381,643	1,695,088
Other Receivables	280,451	79,174
Total current assets	3,662,094	1,774,262
Non-current assets		
Long term deposit	55,830	9,223
Plant and equipment	37,118	37,873
Total non-current assets	92,948	47,096
TOTAL ASSETS	3,755,042	1,821,358
LIABILITIES		
Current liabilities		
Trade and other payables	508,606	469,791
Total current liabilities	508,606	469,791
TOTAL LIABILITES	508,606	469,791
NET ASSETS	3,246,436	1,351,567
EQUITY		
Issued capital	25,748,493	23,795,057
Reserves	4,002,927	2,093,827
Accumulated losses	(26,504,984)	(24,537,317)
TOTAL EQUITY	3,246,436	1,351,567

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

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2017

	Note	Issued Capital \$	Foreign currency translation differences for foreign operations \$	Option Reserve \$	Accumulated Losses \$	Total Equity \$
2017 CONSOLIDATED						
Total equity at 1 July 2017		23,795,057	(21,030)	2,114,857	(24,537,317)	1,351,567
Net loss for the period		-	-	-	(1,967,667)	(1,967,667)
Other comprehensive income		-	30,490	-	-	30,490
Total comprehensive income/(loss) for the period		-	30,490	-	(1,967,667)	(1,937,177)
Transactions with equity holders:						
<u>Shares issued during the year:</u>						
Contributions of capital	2	2,500,000	-	-	-	2,500,000
Net of capital raising costs:						
Capital raising costs:						
Capital raising costs:	2	(326,064)	-	-	-	(326,064)
(Share based cost)	2 & 5	(1,695,000)	-	-	-	(1,695,000)
Exercise of options	2	1,474,500	-	-	-	1,474,500
Share-based payments	5	-	-	1,878,610	-	1,878,610
Total equity at 31 December 2017		25,748,493	9,460	3,993,467	(26,504,984)	3,246,436
Total equity at 1 July 2016		15,604,203	-	1,323,290	(17,219,366)	(291,873)
Net loss for the period		-	-	-	(20,508,904)	(20,508,904)
Other comprehensive loss		-	(51,884)	-	-	(51,884)
Total comprehensive loss for the period		-	(51,884)	-	(20,508,904)	(20,560,788)
Transactions with equity holders:						
<u>Reverse Acquisition:</u>						
Reversal of pre-acquisition net assets of Radar Iron Limited	7	(15,604,203)	-	(1,323,290)	17,323,838	396,345
Effective consideration	7	16,726,638	-	-	-	16,726,638
Retained earnings and share capital of Weebit Nano Israel	2	2,591,302	(61,118)	-	(2,669,985)	(139,801)
<u>Shares issued during the year:</u>						
Contributions of capital (net of capital raising costs)	2	4,477,117	-	-	-	4,477,117
Share-based payments		-	-	1,856,429	-	1,856,429
Total equity at 31 December 2016		23,795,057	(113,002)	1,856,429	(23,074,417)	2,464,067

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

Condensed Consolidated Statement of Cash Flows

For the half year ended 31 December 2017

	Consolidated 31 December 2017 \$	Consolidated 31 December 2016 \$
<i>Cash flows from operating activities</i>		
Payments to suppliers and employees	(1,957,676)	(1,979,600)
Net cash used in operating activities	(1,957,676)	(1,979,600)
<i>Cash flows from investing activities</i>		
Proceed on sales of exploration rights	-	100,000
Payments for fixed assets	(4,719)	(6,152)
Decrease/(increase) in deposits and restricted cash	514	(2,925)
Net cash provided by/(used in) investing activities	(4,205)	90,923
<i>Cash flows from financing activities</i>		
Proceeds from the issue of shares	2,500,000	1,425,400
Proceeds from conversion of options	1,474,500	75,000
Capital raising costs	(326,064)	(640,283)
Net cash provided by financing activities	3,648,436	860,117
Cash acquired as part of the reverse acquisition	-	211,075
Net increase/(decrease) in cash and cash equivalents	1,686,555	(1,028,560)
Cash and cash equivalents at the beginning of the period	1,695,088	3,598,569
Cash and cash equivalents at the end of the period	3,381,643	2,781,084

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

Notes to the Financial Statements

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Weebit Nano Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 31 December 2017 comprises the Company and its subsidiaries – Weebit Nano Israel and Weebit Nano France; together referred to as the (“Group”).

Statement of Compliance

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 ‘Interim Financial Reporting’, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’). Compliance with AASB 134 ensures compliance with IAS 34 ‘Interim Financial Reporting’.

This condensed interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Weebit Nano Ltd during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

This consolidated interim financial report was approved by the Board of Directors on 27 February 2018.

New Accounting Standards

The following new standards are not yet effective for the half year ended 31 December 2017, may impact the Group, and have not been applied in preparing these financial statements:

AASB 9 Financial Instruments

AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Group's 30 June 2019 financial statements. Retrospective application is generally required, although there are exceptions. The Group is currently assessing the impact of this standard.

AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers contains a single model that applies to contracts with Customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract based five-step analysis of transactions to determine whether, how much and when revenue is recognised. AASB 15 will become mandatory for the Group's 30 June 2019 financial statements. Choice of retrospective application, or as of the application date using the “cumulative effect approach” is required.. The Group is currently making detailed assessments on the impact of this standard.

Notes to the Financial Statements

AASB 16 Leases

AASB 16 Leases removes the lease classification test for lessees and requires most leases (including operating leases) to be brought onto the balance sheet. AASB 16 will become mandatory for the Group's 30 June 2020 financial statements, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. AASB 16 Leases may have a material impact on the Group's financial report. The Group is currently making detailed assessments on the impact of this standard.

Basis of Preparation

The interim report has been prepared on an historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the period has been treated as a discrete reporting period.

Financial Position

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Group reported a net loss for the period of \$1,967,667, and a cash outflow from operating activities of \$1,957,676. The Group had a net working capital surplus of \$3,153,488 including cash of \$3,381,643 at 31 December 2017. Subsequent to December 31, 2017, 38,560,000 options were exercised for \$1,156,800.

Based on a cash flow forecast prepared by management, the Group's working capital surplus at 31 December 2017 and the Group's ability to reduce costs if necessary, the Directors consider the going concern basis of preparation to be appropriate.

Significant Accounting Judgements and Key Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

Notes to the Financial Statements

NOTE 2 – ISSUED CAPITAL

CONSOLIDATED AND PARENT ENTITY	December 2017 #	December 2017 \$	June 2017 #	June 2017 \$
<i>(a) Issued and Paid Up Capital</i>				
Fully paid ordinary shares	1,391,392,885	25,748,434	1,175,576,215	23,795,057
<i>(b) Movements in fully paid shares on issue</i>				
Balance at the start of the period	1,175,576,215	23,795,057	334,532,760	15,604,203
Reverse acquisition transactions				
Less: pre-acquisition share capital of Radar Iron Limited	-	-	-	(15,604,203)
Add: effective consideration transferred (Note 7)	-	-	732,695,455	16,726,638
Weebit Nano Israel Share Capital on 1 August 2016	-	-	-	2,591,302
Post reverse acquisition share capital	1,175,576,215	23,795,057	1,067,228,215	19,317,940
<i>Shares issued in the period post acquisition:</i>				
Shares issued to directors	-	-	-	-
Capital Raising	166,666,668	2,500,000	100,848,000	5,042,400
Options Converted to shares	49,150,002	1,474,500	7,500,000	75,000
Capital Raisings Costs (a)	-	(2,021,064)	-	(640,283)
Balance at end of period	1,391,392,885	25,748,493	1,175,576,215	23,795,057

(a) \$1,695,000 of the \$2,021,064 in capital raising costs relates to the issue of 150,000,000 options to the corporate advisors and brokers for services performed in relation to the capital raising (refer to note 5). The balance of the capital raising costs of \$326,064 was paid in cash.

Notes to the Financial Statements

NOTE 3 – RELATED PARTY TRANSACTIONS

On October 1, 2017 Mr. Jacob Hanoch was appointed as CEO and Managing Director of the company.

Mr. Hanoch's Fixed remuneration is (New Israeli Shackles) NIS 55,000 monthly, in addition to associated benefits in accordance with Israeli employment practices and obligations.

Mr, Hanoch variable remuneration comprises:

- a. An annual bonus of up to one third of his annual salary, subject to KPI's to be determined by the Board of Directors.
- b. A special bonus of 1% of funds raised above US\$3M and up to US\$8M, and 1.5% of funds raised above US\$8M.

In addition, on November 30, 2017 the AGM approved granting Mr. Hanoch 28,000,000 options, see note 5 below.

NOTE 4 – SEGMENT REPORTING

Description of segments

As at 31 December 2017 the Group only had one operating segment namely memory and semiconductor technology development.

Notes to the Financial Statements

NOTE 5 – SHARE BASED PAYMENTS

Share-based payment transactions

The Company has completed the following share-based payment transactions:

	Options 31 December 2017 \$	Shares 31 December 2016 \$	Options 31 December 2016 \$
50,000,000 options issued to consultants who act as the Company's corporate advisor	-	-	1,249,630
17,304,545 performance rights issued to consultants of the Company	-	-	606,799
28,000,000 options granted to CEO	183,610	-	-
125,000,000 options granted to the Company's broker	762,500	-	-
25,000,000 options granted to the Company's broker	932,500	-	-
	1,878,610	-	1,856,429

During the period of six months ended December 31, 2017 the Company issued the following options:

Date of Grant	Grantee	Number of options	Exercise price \$	Vesting Schedule	Expiry date	Fair Value A\$
26.10.2017	Broker	125,000,000	0.03	Fully vested	30.6.2020	0.0061 (1)
30.11.2017	Broker	25,000,000	0.03	Fully vested	30.6.2020	0.0373 (1)
30.11.2017	CEO	28,000,000	0.01755	25% after 1 year, and 12 equal quarterly portions thereafter	No expiry date	0.0505 (2)

- (1) The 150,000,000 options issued to brokers of the Company is in relation to services performed for the capital raising. As such, the cost of the share based payment was recorded as capital raising cost. These options were granted in 2 portions as the second grant had to be approved by Company's AGM:

The 125,000,000 options granted on October 26, 2017 were valued at \$0.0061 per option using the Black & Scholes option model based on the following inputs:

Underlying share price	\$0.022 per share
Option exercise price	\$0.03 per share
Grant date	October 26, 2017
Option expiry date	June 30, 2020
Share price volatility	82.32%
Risk free interest rate	1.87%

The 25,000,000 options granted on November 30, 2017 were valued at \$0.0373 per option using the Black & Scholes option model based on the following inputs:

Notes to the Financial Statements

Underlying share price \$0.061 per share

NOTE 5 – SHARE BASED PAYMENTS CONTINUED

Option exercise price \$0.03 per share
Grant date November 30, 2017
Option expiry date June 30, 2020
Share price volatility 90.27%
Risk free interest rate 1.85%

- (2) The 28,000,000 options granted to the CEO on November 30, 2017 were valued at \$0.0505 per option using the Black & Scholes option model based on the following inputs:

Underlying share price \$0.061 per share
Option exercise price \$0.01755 per share
Grant Date November 30, 2017
Share price volatility 65.17% - 67.51% (calculated separately for each portion)
Risk free interest rate 2.49% - 2.66% (calculated separately for each portion)

A total of \$183,610 was recorded as an expense in the period ended 31 December 2017.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent to December 31, 2017, 38,560,000 options granted to the Company's broker as described in note 5 above were exercised for \$1,156,800. Other than as disclosed elsewhere in this report, there are no likely developments in the operations of this report that were not finalized at the date of this report. Further information as to likely developments in the operations of the group would, in the opinion of the directors, be likely to result in unreasonable prejudice to the group.

NOTE 7 – REVERSE ACQUISITION

During the prior year reporting period, on 1 August 2016, Radar Iron Limited (now Weebit Nano Limited), the legal parent entity, acquired 100% of the issued shares of Weebit Nano Ltd (Israel), an Israel registered entity. Weebit Nano Ltd (Israel), was founded in Israel in 2015 to develop a memory and semiconductor technology invented by Professor James Tour of Rice University in Houston, Texas. Weebit expects to commercialize this technology, Resistive Random Access Memory ("ReRAM") is an emerging technology that combines the advantages of both RAM and Flash.

Under the terms of the transaction Radar Iron issued 732,695,455 shares to the shareholders of Weebit Nano Ltd (Israel), resulting in Weebit Nano Ltd (Israel)'s existing shareholders acquiring 68% of the legal parent entity's issued capital. The transaction has some features of a reverse acquisition under AASB 3 Business Combinations because the former shareholders of the legal subsidiary obtained control of the legal parent. However, as Radar Iron did not meet the definition of a business as defined in AASB 3, the transaction is not a business combination and is therefore not within the scope of AASB 3.

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors the Group applied, by analogy, the guidance in AASB 3 on reverse acquisitions, resulting in Weebit Nano Ltd (Israel), (the non-listed operating entity) being identified as the accounting acquirer and Radar Iron Limited (now Weebit Nano Limited) (the listed non-operating entity) being identified as the accounting acquiree. The issue of the transaction was treated as a share-based payment transaction accounted for in accordance with AASB 2 Share-based payment. On this basis, any difference in the fair value of the shares deemed to have been issued by the accounting acquirer and the fair value of the accounting acquiree's identifiable net assets represents a service received by the accounting acquirer.

Notes to the Financial Statements

NOTE 7 – REVERSE ACQUISITION CONTINUED

The Group consequently recognised a share-based payment of \$17,122,984 in its statement of comprehensive income, effectively representing the cost of the listing. That cost is calculated as the difference in the fair value of the shares deemed to have been issued by Wee-bit Nano Israel (the non-listed entity) and the fair value of the accounting acquiree's (Radar Iron Limited) identifiable net liabilities. AASB 3 states that the consideration transferred in a business combination shall be measured at the fair value. Furthermore AASB 3 states that the fair value transferred should be based on the most reliable measure. The fair value of the consideration transferred was determined by reference to the ASX listed quoted price of the shares of Wee-bit Nano Limited (formerly Radar Iron Limited).

Assets acquired and liabilities assumed on the date of acquisition 1 August 2016:

Details of the acquisition are as follows:

	Fair Value \$
Cash and cash equivalents	5,036,930
Trade and other receivables	118,953
Share application funds	(5,042,400)
Trade and other payables	(509,829)
Fair value of net liabilities on date of acquisition	(396,346)
Share-based payment for listing services	17,122,984
Acquisition date fair value of the total consideration transferred (Note 2)	16,726,638

Director's Declaration

In the opinion of the directors of Weebit Nano Limited ("the Company"):

1. The condensed financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year period then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the board



Jacob Hanoch
Director
Israel
27 February 2018

Independent Auditor's Review Report to the members of Weebit Nano Limited

Conclusion

We have reviewed the accompanying interim financial report of Weebit Nano Limited and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period ended on that date, notes comprising a summary of accounting policies, other explanatory notes, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the interim period.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the the interim financial report of Weebit Nano Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the period ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

Directors' Responsibility for the Interim Financial Report

The directors of the Group are responsible for the preparation of the interim 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 are necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Weebit Nano Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani
Director

Perth, 27 February 2018

