

Appendix 4E

(Rule 4.3A)

Preliminary Final Report

Name of entity

Roto-Gro International Limited	ABN: 84 606 066 059
--------------------------------	---------------------

1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")	Financial period ended ("previous period")
30 June 2017	30 June 2016

2. Results for Announcement to the Market

					\$
2.1	Revenue from ordinary activities	Up	100%	to	3,276
2.2	Loss from ordinary activities after tax attributable to members	Up	72%	to	1,011,923
2.3	Net loss for the period attributable to members	Up	72%	to	1,011,923
2.4	Loss per share	Down	48%	to	2.37 cents

3. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	\$0.157	\$0.007

4. Control gained or lost over entities

100% interest in Roto-Gro World Wide Inc, acquired on 6 February 2017.

100% interest in Roto-Gro World Wide (Canada) Inc, incorporated on 9 February 2017.

5. Dividends

There were no dividends declared or paid during the period.

6. Dividend Reinvestment Plans

Not applicable.

7. Material interest in entities which are not controlled entities

Not applicable.

8. Foreign Entities

This report includes Roto-Gro World Wide Inc and Roto-Gro World Wide (Canada) Inc, companies registered in Mauritius and Canada respectively, which are 100% owned subsidiaries of Roto-Gro international Limited.

9. Annual Report

Refer to the attached Annual Report for the year ended 30 June 2017 for further details. The financial statements contained in the annual report have been audited.

The annual report contains, amongst other disclosures:

- Statement of Profit or Loss and Other Comprehensive Income
- Statement of Financial Position
- Statement of Cash Flows
- Statement of Changes in Equity
- Notes to the Financial Statements

This report should be read in conjunction with the attached Annual Report for the year ended 30 June 2017.

Signed by:

Date: 31 August 2017

A handwritten signature in black ink, appearing to read 'S Brockhurst', with a horizontal line extending to the right.

Name: Stephen Brockhurst
Non-Executive Director



ACN 606 066 059

**Annual Report
30 June 2017**

ROTO-GRO INTERNATIONAL LIMITED

CONTENTS

	Page
Corporate Directory	1
Directors' Report	2
Corporate Governance Statement	11
Consolidated Statement of Profit or Loss and other Comprehensive Income	25
Consolidated Statement of Financial Position	26
Consolidated Statement of Cash Flows	27
Consolidated Statement of Changes in Equity	28
Notes to the Financial Statements	29
Directors' Declaration	50
Auditor's Independence Declaration	51
Independent Auditor's Report	52
ASX Additional Information	55

ROTO-GRO INTERNATIONAL LIMITED

CORPORATE DIRECTORY

Directors

Mr Michael Carli (Managing Director)
Mr Michael Slater (Non-Executive Director)
Mr Stephen Brockhurst (Non-Executive Director)
Mr David Palumbo (Non-Executive Director)

Company Secretary

Mr David Palumbo

Registered and Principal Office

Level 11
216 St Georges Terrace
Perth Western Australia 6000

Tel: +61 (8) 9481 0389
Fax: +61 (8) 9463 6103
Website: www.rotogro.com.au

Share Registry

Link Market Services Limited
Level 4, 152 St Georges Terrace
Perth WA 6000

Tel: 1800 647 819
Fax: +61 2 9287 0303
Email: info@linkmarketservices.com.au

Auditor

RSM Australia Partners
8 St Georges Terrace
Perth Western Australia 6000

Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
ASX Code: RGI

ROTO-GRO INTERNATIONAL LIMITED

DIRECTORS' REPORT

The Directors present their report on Roto-Gro International Limited (referred to hereafter as “the Company”) and controlled entities (referred to hereafter as “the Group”) for the financial year ended 30 June 2017.

Current Directors

The name and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless stated otherwise.

Mr Michael Carli - Managing Director (appointed 18 August 2016)
Mr Ralph Sickinger – Former Managing Director (resigned 18 August 2016)
Mr Michael Slater – Non-Executive Director (appointed 14 February 2017)
Mr Stephen Brockhurst - Non-Executive Director
Mr David Palumbo - Non-Executive Director

Names and Qualifications

Mr Michael Carli

Managing Director

Mr Carli is currently a partner at Rigobon Carli, a boutique law firm located in the Greater Toronto Area, Ontario, Canada, which he co-founded in 1989. Mr Carli is a past President and Chairman of St Thomas of Villanova Catholic School (a charitable corporation which operates a private preparatory school in the Greater Toronto Area) and he is currently the President and Chairman of St Thomas of Villanova Charities Inc. He is a director of Easter Seals (Ontario) and also serves as pro bono legal counsel to several charitable organisations including The Tema Conter Memorial Trust and Friends of We Care. Mr Carli holds a Bachelor's degree (Economics) from York University and a Juris Doctor degree from the University of Western Ontario Law School. He is a member of the Intellectual Property Institute of Canada and a member of the American Bar Association (Intellectual Property Section). Mr Carli currently holds 2,425,000 Fully Paid Ordinary Shares and 1,518,750 Performance Shares in Roto-Gro International Limited.

Mr Michael Slater

Non-Executive Director

Mr Slater holds a Full Technology Certificate in precision and mechanical engineering. Mr Slater has had extensive experience in the United Kingdom, Denmark and Canada in domestic and international sales and marketing of precision machine tools and engineering. In 1982 he was appointed Vice President of Elliot Machinery in Toronto, a division of a publicly traded company. In 1991, he became the President of a private corporation manufacturing material handling and lifting equipment. He remained a senior staff member until 2009 and has subsequently held positions of officer and director of a publicly traded Namibian based copper mining and exploration company. Mr Slater will be responsible for production, production support and R&D. Mr Slater does not currently hold any Fully Paid Ordinary Shares in Roto-Gro International Limited.

Mr Stephen Brockhurst

Non-Executive Director

Mr Brockhurst is the founding Director of Mining Corporate Pty Ltd and has 15 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed and private companies. He is currently a Director of International Goldfields Limited and Company Secretary of Jacka Resources Limited, Lindian Resources Limited, Estrella Resources Limited and Cabral Resources Limited. Mr Brockhurst currently holds 625,001 Fully Paid Ordinary Shares in Roto-Gro International Limited.

Mr David Palumbo

Non-Executive Director and Company Secretary

Mr Palumbo is a Chartered Accountant with over ten years' experience in the accounting and financial reporting of ASX listed and unlisted companies, which includes five years as an external auditor. He provides corporate advisory and financial management advice and specialises in corporate compliance, statutory reporting and financial accounting services. Mr Palumbo is currently a non-executive director and company secretary for ASX listed companies Quest Minerals Limited and Krakatoa Resources Limited and company secretary for European Cobalt Ltd as well a number of unlisted public companies. Mr Palumbo currently holds 75,000 Fully Paid Ordinary Shares in Roto-Gro International Limited.

ROTO-GRO INTERNATIONAL LIMITED

DIRECTORS' REPORT

Principal Activity

The principal activity of the Group during the financial year was obtaining admission to the official list of the Australian Securities Exchange and acquisition of 100% interest in Roto-Gro World Wide Inc. (RWW), which holds certain rights in relation to an automated rotary hydroponic advanced garden system (Roto-Gro System).

Operating Results

The loss of the Company for the financial year was \$1,011,923 (2016: \$587,094 loss).

Review of Operations

Corporate

On 8 February 2017, the Company successfully raised in excess of AUD\$3.5 Million (before costs) pursuant to an initial public offering ("IPO") through the placement of 17,616,500 fully paid ordinary shares ("Placement") at AUD \$0.20 per share. The IPO was led by Barclay Wells Limited. The IPO was well supported by retail and sophisticated investors which is a strong endorsement of the Company's short-term growth strategy, its underlying value, and its focus on expansion into industry synergistic opportunities by exploring strategic partnerships and complimentary acquisitions in related markets.

Operational

On 16 March 2017, the Group entered into a distribution agreement with EuroAg Corporation ("EuroAg") for the supply of 240 Roto-Gro units over a 12 month period representing annual revenue in excess of AUD \$2.25M (the "EuroAg Agreement"). Upon the execution of the EuroAg Agreement, the Company entered into an agreement with Roto-Gro Technologies Inc. to manufacture and produce 150 Roto-Gro Model 420 units. On 10 July 2017, the Group completed the initial delivery of Roto-Gro units pursuant to the EuroAg Agreement.

Following financial year end, the Company made further deliveries to other pilot facilities utilising the Roto-Gro hydroponic garden system in both the medical cannabis and hydroponic/vertical farming markets. The establishment of these pilot facilities is critically important to the Company's commitment to ensure that its customers realize maximum crop yields and to optimise build-out efficiency for full scale operations.

As a result of an up-scaled manufacturing schedule, the Company now has completed units in inventory in order to facilitate shorter delivery times and for support, maintenance, consumables and critical spares.

Strategic Partnerships

On 1 May 2017, the Group executed a Heads of Agreement with Amfil Technologies Inc. ("Amfil"), the owner of rights to "GROzone" antimicrobial systems. The Heads of Agreement contemplates the proposed integration of Amfil's proprietary "GROzone" antimicrobial system with the Roto-Gro hydroponic garden system to provide an enhanced cultivation solution for medical cannabis and hydroponic/vertical farming industries. To date, the discussions with Amfil have resulted in several opportunities for the Company to assist emerging cannabis cultivators in Canada with their build-out designs and installation specifications in connection with their licensing applications to Health Canada (the department of the government of Canada responsible for national public health). The Company is confident that the issuance of licenses by Health Canada to applicants whom the Company has assisted will result in substantial orders of Roto-Gro units in the short term.

Financial Position

As at 30 June 2017, the Group had a cash balance of \$2,165,615 (2016: \$134,107) and a net asset position of \$13,135,423 (2016: \$113,257).

Significant Changes in State of Affairs

Other than those disclosed in this annual report no other significant changes in the state of affairs of the Group occurred during the financial year.

ROTO-GRO INTERNATIONAL LIMITED DIRECTORS' REPORT

Dividends

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Indemnification of Officers

The Group has entered into deeds of indemnity with each director and the company secretary whereby, to the extent permitted by the Corporations Act 2001, the Group agreed to indemnify each director against all loss and liability incurred as an officer of the Group, including all liability in defending any relevant proceedings.

The Group has paid premiums to insure each of the directors and the company secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Group, other than conduct involving a wilful breach of duty in relation to the Group. The disclosure of the amount of the premium is prohibited by the insurance policy.

Indemnity of the auditor

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

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

Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group or any part of those proceedings.

Share Options

At the date of this report, the Company has no (2016: nil) unissued ordinary shares under option.

Performance Shares

At the date of this report, the Company has 30,000,000 (2016: nil) performance shares on issue. The performance shares vest on the achievement of specified performance conditions (refer to Note 13).

Environmental Regulation

The Directors are mindful of the regulatory regime in relation to the impact of the organisation's activities on the environment. There have been no known breaches of any environmental regulation by the Company during the financial year.

Future Developments

Further information, other than as disclosed this report, about likely developments in the operations of the Group and the expected results of those operations in future years has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Group.

ROTO-GRO INTERNATIONAL LIMITED DIRECTORS' REPORT

Directors' Meetings

The number of directors' meetings and the number of meetings attended by each of the directors of the Group for the time the directors' held office during the financial year are as follows:

Director	Directors Meetings
Number of Meetings Held	1
Number of Meetings Attended	
Michael Carli	1
Michael Slater	1
Stephen Brockhurst	1
David Palumbo	1

Remuneration Report (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purposes of this report, Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise).

For the purposes of this report, the term 'executive' encompasses executive director(s), chief executive officer, senior executives and general managers of the Company. Details of key management:

Directors

Michael Carli	Managing Director (appointed 16 August 2016)
Ralph Sickinger	Former Managing Director (resigned 16 August 2016)
Michael Slater	Non-Executive Director (appointed 14 February 2017)
Stephen Brockhurst	Non-Executive Director
David Palumbo	Non-Executive Director

Employment Agreements

Michael Carli

Mr Michael Carli has worked for the Group in an executive capacity as Managing Director since his appointment on 16 August 2016. Under the terms of the executive agreement, Mr Carli's remuneration package is currently CAD 48,000 (\$48,048) per annum, commencing on the Group's quotation to the ASX on 10 February 2017. Mr Carli is also employed as the Chief Executive Officer and President of Roto-Gro World Wide (Canada) Inc (RWWC). Mr Carli's remuneration package is CAD 72,000 (\$72,072) per annum.

Mr Carli's employment agreement with RWWC may be terminated voluntarily by providing four weeks written notice. Mr Carli's employment with RWWC may be terminated by Roto-Gro International Limited without cause by providing six months written notice. In the event of termination without cause by Roto-Gro International Limited, Mr Carli is entitled to receive three months base salary as a termination severance payment, payable within 7 days after the date of termination. The Company may otherwise terminate his employment immediately for cause (e.g. serious misconduct).

ROTO-GRO INTERNATIONAL LIMITED DIRECTORS' REPORT

In the event of a change of control of Roto-Gro International Limited, Mr Carli may within 30 days of learning of the change of control give notice of his intention to leave as an employee and is entitled to a Severance payment equal to three months of base salary, in addition to any unpaid salary and bonus remuneration and any other entitlement owing.

Michael Slater

Appointment of non-executive director Mr Michael Slater is under the terms of a service agreement with the Group. The engagement has no fixed term but ceases on his resignation or removal as a director in accordance with the Corporations Act 2001. Mr Slater is currently entitled to receive directors' fees of CAD 48,000 (\$48,048) per annum. Mr Slater is also employed as a production manager for RWWC on an as needed basis and is being paid a rate of CAD 25 (\$25) per hour.

Mr Slater's employment agreement with RWWC may be terminated voluntarily by providing four weeks written notice. Mr Carli's employment with RWWC may be terminated by Roto-Gro International Limited without cause in accordance with the relevant statutory employment standards. The Company may otherwise terminate his employment immediately for cause (e.g. serious misconduct).

Stephen Brockhurst and David Palumbo

Appointments of non-executive directors Stephen Brockhurst and David Palumbo are formalised in the form of service agreements between themselves and the Group. Their engagements have no fixed term but cease on their resignation or removal as a director in accordance with the Corporations Act 2001. Messrs Brockhurst and Palumbo are currently entitled to receive directors' fees of \$40,000 per annum, commencing on the Group's quotation to the ASX on 10 February 2017.

Remuneration Philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives. To this end, the Group provides competitive rewards to attract high calibre executives.

Remuneration Committee

Given the small size of the Board of Directors (four directors), it was not considered practical to establish a committee of the Board as a Remuneration Committee. Accordingly the full Board is responsible for determining and reviewing compensation arrangements for the directors and executives. Any Director with a personal interest in a remuneration matter is excused from participating in those discussions and resulting decisions. It is the intention of the Board to establish a Remuneration Committee once the size of the Group increases.

The Board assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality director and executive team.

Remuneration Structure

In accordance with best practice, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

Objective

The Board aims to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

ROTO-GRO INTERNATIONAL LIMITED DIRECTORS' REPORT

Structure

The Company's Constitution specifies that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The maximum currently stands at \$250,000 per annum. The remuneration of non-executive directors for the financial year ended 30 June 2017 is detailed in the table below.

As non-executive director(s) are not expected to be involved in the performance of the Company to the same degree as executive director(s) it is not considered appropriate for their remuneration to be dependent on the satisfaction of performance criteria.

Remuneration Details for the financial year ended 30 June 2017

The following table details the components of remuneration of each KMP:

	Short Term Benefit			Post-Employment		Equity		Total	Performance Related
	Salary & Fees \$	Consulting Fees \$	Non-Monetary Benefits \$	Super-annuation \$	Termination Payments \$	Options \$			
Directors									
Michael Carli ²	45,909	-	-	-	-	-		45,909 ⁵	-
Michael Slater ³	18,364	8,294	-	-	-	-		26,658 ⁶	-
Ralph Sickinger ¹	-	-	-	-	-	-		-	-
Stephen Brockhurst ⁴	15,595	-	-	-	-	-		15,595	-
David Palumbo ⁴	15,595	-	-	-	-	-		15,595	-
Total	95,463	8,294	-	-	-	-		103,757	-

¹ Mr Sickinger resigned as a Director on 18 August 2016

² Mr Carli was appointed as a Director on 18 August 2016

³ Mr Slater was appointed as a Director on 14 February 2017

⁴ Director fees are paid to Mining Corporate Pty Ltd.

⁵ \$45,909 is owing to Michael Carli at 30 June 2017

⁶ \$5,320 is owing to Michael Slater at 30 June 2017

ROTO-GRO INTERNATIONAL LIMITED

DIRECTORS' REPORT

Remuneration Details for the financial period ended 30 June 2016

The following table details the components of remuneration of each KMP:

	Short Term Benefit			Post-employment		Equity		Total	Performance Related %
	Salary & Fees \$	Consulting Fees \$	Non-Monetary Benefits \$	Super-annuation \$	Termination payments \$	Options \$			
Directors									
Ralph Sickinger ¹	69,228	-	-	-	-	-	-	69,228 ²	-
Stephen Brockhurst	-	-	-	-	-	-	-	-	-
David Palumbo	-	-	-	-	-	-	-	-	-
Total	69,228	-	-	-	-	-	-	69,228	-

¹ Mr Sickinger resigned as a Director on 18 August 2016

² \$8,519 is owing to Mr Sickinger as at 30 June 2016

Options granted as part of remuneration

No options were granted to KMP as part of their remuneration during the financial year.

Shareholdings of Key Management Personnel for the year ended 30 June 2017

Ordinary Shares - 2017

	Balance 30-June-16	Net Change	Balance 30-June-17
Directors			
Ralph Sickinger ¹	400,000	(400,000)	-
Michael Carli ²	-	2,425,000	2,425,000
Michael Slater ³	-	-	-
Stephen Brockhurst	625,001	-	625,001
David Palumbo	75,000	-	75,000
Total	1,100,001	2,025,000	3,125,001

¹ Mr Sickinger resigned as a Director on 18 August 2016

² Mr Carli was appointed as a Director on 18 August 2016.

³ Mr Slater was appointed as a Director on 14 February 2017

Ordinary Shares - 2016

	Balance at Incorporation	Net Change	Balance 30-June-16
Directors			
Ralph Sickinger ¹	-	400,000	400,000
Stephen Brockhurst	1	625,000	625,001
David Palumbo	-	75,000	75,000
Total	1	1,100,000	1,100,001

¹ Mr Sickinger resigned as a Director on 18 August 2016

ROTO-GRO INTERNATIONAL LIMITED

DIRECTORS' REPORT

Performance Shares - 2017

	<i>Balance 30-June-16</i>	<i>Net Change</i>	<i>Balance 30-June-17</i>
Directors			
Ralph Sickinger ¹	-	-	-
Michael Carli ²	-	1,518,750	1,518,750
Michael Slater ³	-	-	-
Stephen Brockhurst	-	-	-
David Palumbo	-	-	-
Total	<u>-</u>	<u>1,518,750</u>	<u>1,518,750</u>

¹ Mr Sickinger resigned as a Director on 18 August 2016

² Mr Carli was appointed as a Director on 18 August 2016. The performance shares held by Mr Carli are in consideration for the acquisition of Roto-Gro World Wide Inc.

³ Mr Slater was appointed as a Director on 14 February 2017

There were no performance shares on issue for the period ended 30 June 2016.

All equity transactions with directors and executives have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Loans to directors and executives

There are no loans to directors or executives at reporting date.

Financial Performance

The earnings of the Group for the financial periods from incorporation to 30 June 2017 are summarised below:

	2017	2016
	\$	\$
Sales revenue	3,276	-
EBITDA	(843,156)	(587,094)
EBIT	(1,011,923)	(587,094)
(Loss) after income tax	(1,011,923)	(587,094)

The factors that are considered to affect total shareholder return ('TSR') are summarised below:

	2017	2016
Share price at financial year end (\$)	0.35	-
Dividends declared	-	-
Basic loss per share (cents)	(2.37)	(4.56)

“End of Remuneration Report (Audited)”

ROTO-GRO INTERNATIONAL LIMITED DIRECTORS' REPORT

Significant Events after Reporting Date

On 10 July 2017, the Group completed the initial delivery of Roto-Gro units pursuant to its agreement with EuroAg Corporation.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Non Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the financial period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the financial year, \$12,250 was paid or payable to RSM Australia Partners for non-audit services. Refer to Note 18.

Auditor Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners to provide the Directors of the Company with an Independence Declaration in relation to the audit of this financial report. The Directors have received the Independence Declaration which has been included within this financial report.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the directors:



Mr Stephen Brockhurst
Non-Executive Director

Dated this 31st day of August 2017

ROTO-GRO INTERNATIONAL LIMITED

CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the ASX Corporate Governance Council's Principles of Good Corporate Governance and Recommendations.

In line with the above, the Board has set out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Recommendations. The approach taken by the board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the board charter. Where the Company has not adhered to the recommendations it has stated that fact in this Corporate Governance Statement however has set out a mandate for future compliance when the size of the Company and the scale of its operations warrants the introduction of those recommendations. Date of last review and Board approval: 31 August 2017.

Principle / Recommendation	Compliance	Reference	Commentary
Principle 1: Lay solid foundations for management and oversight			
<u>Recommendation 1.1</u> A listed entity should disclose: a) the respective roles and responsibilities of its board and management; and b) those matters expressly reserved to the board and those delegated to management.	Yes	Board Charter Code of Conduct, Independent Professional Advice Policy, Website	<p>To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment. The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out those delegated duties.</p> <p>In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company. To assist the Board carry its functions, it has developed a Code of Conduct to guide the Directors.</p> <p>In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.</p> <p>Without intending to limit this general role of the Board, the principal functions and</p>

			<p>responsibilities of the Board include the following:</p> <ul style="list-style-type: none"> • Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board. • Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company. • Overseeing Planning Activities: the development of the Company's strategic plan. • Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company as well as ensuring timely and balanced disclosures of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the entity's securities. • Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company. • Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting along with ensuring the integrity of the Company's financial and other reporting. • Human Resources: reviewing the performance of Executive Officers and monitoring the performance of senior management in their implementation of the Company's strategy. • Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees. • Delegation of Authority: delegating appropriate powers to the Managing Director to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board. • Monitoring the effectiveness of the Company's corporate governance practices.
--	--	--	--

			<p>Full details of the Board's and Company Secretary's roles and responsibilities are contained in the Board Charter. The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities.</p>
<p><u>Recommendation 1.2</u> A listed entity should:</p> <p>a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re- elect a director.</p>	Yes	<p>Director Selection Procedure, Website</p>	<p>Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's operations. The Company's currently has two Directors with relevant experience in the operations. In addition, Directors should have the relevant blend of personal experience in:</p> <ul style="list-style-type: none"> • Accounting and financial management; and • Director-level business experience. <p>Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.</p> <p>In determining candidates for the Board, the Nomination Committee (refer to recommendation 2.1) follows a prescribed process whereby it evaluates the mix of skills, experience and expertise of the existing Board. In particular, the Nomination Committee is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, the Nomination Committee (or equivalent) recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.</p> <p>The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Each director other than the Managing Director, must not hold office (without re-election) past the third annual general meeting of the Company following the director's appointment or three years following that director's last election or appointment (whichever is the longer). However, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company. At each annual general meeting a minimum of one director or one third of the total number of directors must resign. A director who retires at an annual general meeting is</p>

			<p>eligible for re-election at that meeting and re-appointment of directors is not automatic.</p> <p>The Nomination Committee is responsible for implementing a program to identify, assess and enhance Director competencies. In addition, the Nomination Committee puts in place succession plans to ensure an appropriate mix of skills, experience, expertise and diversity are maintained on the Board.</p>
<p><u>Recommendation 1.3</u></p> <p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	Yes	Kept at registered office, Independent Professional Advice Policy	<p>Each non-executive director has a written agreement with the Company that covers all aspects of their appointment including term, time commitment required, remuneration, disclosure of interests that may affect independence, guidance on complying with the Company's corporate governance policies and the right to seek independent advice, indemnity and insurance arrangements, rights of access to the Company's information and ongoing confidentiality obligations as well as roles on the Company's committees.</p> <p>Each executive director's agreement with the Company includes the same details as the non-executive directors' agreements but also includes a position description, reporting hierarchy and termination clauses.</p> <p>To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice (that limit is currently set at \$2,000).</p>
<p><u>Recommendation 1.4</u></p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	Yes	Board Charter, Website	Full details of the Board's and Company Secretary's roles and responsibilities are contained in the Board Charter.
<p><u>Recommendation 1.5</u></p> <p>A listed entity should:</p> <p>a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess</p>	Yes	Diversity Policy, Website	The Company recognises and respects the value of diversity at all levels of the organisation. The Company is committed to setting measurable objectives for attracting and engaging women at the Board level, in senior management and across the whole organisation.

<p>annually both the objectives and the entity's progress in achieving them;</p> <p>b) disclose that policy or a summary of it; and</p> <p>c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:</p> <p>1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>			<p>The Diversity Policy was adopted during the year and the Company set the following objectives for the employment of women:</p> <ul style="list-style-type: none"> • to the Board – no target set • to senior management (including Company Secretary) – 20% • to the organisation as a whole – 20% <p>As at the date of this report, the Company has the following proportion of women appointed:</p> <ul style="list-style-type: none"> • to the Board – 0% • to senior management (including Company Secretary) – 0% • to the organisation as a whole – 20% <p>The Company recognises that the hydroponic/vertical farming is intrinsically male dominated in many of the operational sectors and the pool of women with appropriate skills will be limited in some instances. The Company recognises that diversity extends to matters of age, disability, ethnicity, marital/family status, religious/cultural background and sexual orientation. Where possible, the Company will seek to identify suitable candidates for positions from a diverse pool.</p>
<p><u>Recommendation 1.6:</u> A listed entity should:</p> <p>a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Yes	Board , Committee & Individuals Performance Evaluation Procedure Website	<p>It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year an evaluation of the performance of the Board and its members was not formally carried out. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.</p>

<p>Recommendation 1.7: A listed entity should:</p> <ol style="list-style-type: none"> have and disclose a process for periodically evaluating the performance of its senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. 	Yes	Board , Committee & Individuals Performance Evaluation Procedure, Website	It is the policy of the Board to conduct evaluation of individuals' performance. The objective of this evaluation is to provide best practice corporate governance to the Company. During the financial year an evaluation of the performance of the individuals was not formally carried out. However, a general review of the individuals occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.
<p>Principle 2: Structure the board to add value</p>			
<p>Recommendation 2.1 The Board of a listed entity should:</p> <ol style="list-style-type: none"> have a nomination committee which: <ol style="list-style-type: none"> has at least three members, a majority of whom are independent directors; and is chaired by an independent director, and disclose: the charter of the committee; the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties 	No	Nomination Committee Charter, Independent Professional Advice Policy Website	<p>The full Board performs the role of Nomination Committee. The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times. The Nomination Committee did not meet during the year ended 30 June 2017.</p> <p>The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans including the Executive Director and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Matters such as remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice are clearly understood by all Directors, who are experienced public company Directors. The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities.</p>

and responsibilities effectively.			
<u>Recommendation 2.2</u> A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes	Kept at registered office	The Company has reviewed the skill set of its Board to determine where the skills lie and any relevant gaps in skills shortages. The Company is working through professional development initiatives as well as seeking to identify suitable Board candidates for positions from a diverse pool.
<u>Recommendation 2.3</u> A listed entity should disclose: <ol style="list-style-type: none"> the names of the directors considered by the board to be independent directors; if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and the length of service of each director. 	Yes	Board Charter, Independence of Directors Assessment Website	<p>The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. An Independent Director:</p> <ol style="list-style-type: none"> is a Non-Executive Director and; is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company; within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment; within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided; is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; has no material contractual relationship with the Company or other group member other than as a Director of the Company; has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company. <p>Materiality for the purposes of points 1 to 8 above is determined on the basis of both quantitative and qualitative aspects with regard to the independence of Directors. An amount over 5% of the Company's expenditure or 10% of the particular directors annual gross income is considered to be material. A period of more than six years as a Director would be considered material when assessing independence.</p>

			<p>Mr Michael Carli is an Executive Director of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.</p> <p>Messrs Michael Slater, Stephen Brockhurst and David Palumbo are Non-Executive Directors of the Company and meet the Company's criteria for independence.</p>
<p><u>Recommendation 2.4</u> A majority of the board of a listed entity should be independent directors.</p>	Yes	Independence of Directors Assessment, Website	3 out of 4 directors are independent. The Company is continually evaluating and reviewing the Board structure with an aim to appoint more independent directors.
<p><u>Recommendation 2.5</u> The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	No	Independence of Directors Assessment, Website	The Chairperson is not an independent Director and is the CEO / Managing Director. The Company is continually evaluating and reviewing the Board structure.
<p><u>Recommendation 2.6</u> A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	Yes	Director Induction Program, Ongoing Education Framework, Website	<p>It is the policy of the Company that each new Director undergoes an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:</p> <ul style="list-style-type: none"> • details of the roles and responsibilities of a Director; • formal policies on Director appointment as well as conduct and contribution expectations; • a copy of the Corporate Governance Statement, Charters, Policies and Memos and • a copy of the Constitution of the Company. <p>In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. The Board has implemented an Ongoing Education Framework.</p>
Principle 3: Act ethically and responsibly			
<p><u>Recommendation 3.1</u> A listed entity should:</p> <p>a) have a code of conduct for its directors, senior executives and employees; and</p> <p>b) disclose that code or a summary of it.</p>	Yes	Code of Conduct Website	As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole.

Principle 4: Safeguard integrity in corporate reporting			
<p><u>Recommendation 4.1</u> The board of a listed entity should: (a) have an audit committee which:</p> <ul style="list-style-type: none"> a) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and 1) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> 2) the charter of the committee; 3) the relevant qualifications and 4) experience of the members of the committee; and 5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner. 	No	Audit Committee Charter, Website	<p>Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Audit Committee. Accordingly, the Board performs the role of Audit Committee.</p> <p>Items that are usually required to be discussed by an Audit Committee are discussed at a separate meeting when required. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.</p> <p>The Board did not meet as the Audit Committee during the year. To assist the Board to fulfil its function as the Audit Committee, the Company has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee. All of the Directors consider themselves to be financially literate and possess relevant industry experience.</p> <p>The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.</p>
<p><u>Recommendation 4.2</u> The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its</p>	Yes	Kept at registered office	The Managing and Company Secretary (Chief Financial Officer) provide a declaration to the Board in accordance with section 295A of the Corporations Act for each financial report and assure the Board that such declaration is founded on a sound

CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.			system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	AGM	The external auditor is required to attend every AGM for the purpose of answering questions from security holders relevant to the audit.
Principle 5: Make timely and balanced disclosure			
Recommendation 5.1 A listed entity should: a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and b) disclose that policy or a summary of it.	Yes	Continuous Disclosure Policy, Website	The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information: <ul style="list-style-type: none"> concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.
Principle 6: Respect the rights of security holders			
Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Yes	Website Disclosure Policy, Website	The Company's website includes the following: <ul style="list-style-type: none"> Corporate Governance policies, procedures, charters, programs, assessments, codes and frameworks Names and biographical details of each of its directors and senior executives Constitution Copies of annual, half yearly and quarterly reports ASX announcements Copies of notices of meetings of security holders Media releases

			<ul style="list-style-type: none"> • Overview of the Company's current business, structure and history • Details of upcoming meetings of security holders • Summary of the terms of the securities on issue • Historical market price information of the securities on issue • Contact details for the share registry and media enquiries • Share registry key security holder forms
<u>Recommendation 6.2</u> A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes	Shareholder Communication Policy, Social Media Policy Website	<p>The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:</p> <ul style="list-style-type: none"> • communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company; • giving shareholders ready access to balanced and understandable information about the Company and corporate proposals; • requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report of future Annual Reports. <p>The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company.</p>
<u>Recommendation 6.3</u> A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	Shareholder Communication Policy Website	<p>The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to making it easy for shareholders to participate in shareholder meetings of the Company.</p>
<u>Recommendation 6.4</u> A listed entity should give security holders the option to receive communications from and send communications to, the entity and its security registry electronically.	Yes	Shareholder Communication Policy Website	<p>Shareholders are regularly given the opportunity to receive communications electronically.</p>
Principle 7: Recognise and manage risk			
<u>Recommendation 7.1</u> The board of a listed entity should: <ol style="list-style-type: none"> have a committee or committees to oversee risk, each of which: 	No	Risk Management Policy Website	<p>The Board has not established a separate Risk Committee, and therefore it is not structured in accordance with Recommendation 7.1. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a</p>

<p>1) has at least three members, a majority of whom are independent directors; and</p> <p>2) is chaired by an independent director, and disclose:</p> <p>3) the charter of the committee;</p> <p>4) the members of the committee; and</p> <p>5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>			<p>separate Risk Committee. Accordingly, the Board performs the role of Risk Committee. Items that are usually required to be discussed by a Risk Committee are discussed at a separate meeting when required. When the Board convenes as the Risk Committee it carries out those functions which are delegated to it in the Company's Risk Committee Charter. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Risk Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.</p> <p>The Board as a whole did not meet as the Risk Committee during the year. Risk identification and risk management discussions occurred during the year. To assist the Board to fulfil its function as the Risk Committee, the Company has adopted a Risk Management Policy.</p>
<p><u>Recommendation 7.2</u> The board or a committee of the board should:</p> <p>a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	Risk Management Policy Website	<p>The Company's Risk Management Policy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's Risk Management Strategy are to:</p> <ul style="list-style-type: none"> • identify risks to the Company; • balance risk to reward; • ensure regulatory compliance is achieved; and • ensure senior executives, the Board and investors understand the risk profile of the Company. <p>The Board monitors risk through various arrangements including:</p> <ul style="list-style-type: none"> • regular Board meetings; • share price monitoring; • market monitoring; and • regular review of financial position and operations. <p>The Company has developed a Risk Register in order to assist with the risk management of the Company. The</p>

			Company's Risk Management Policy is considered a sound strategy for addressing and managing risk. During the year, the Board reviewed the following categories of risks affecting the Company as part of the Company's systems and processes for managing material business risks: operational, financial reporting, sovereignty and market-related risks.
<u>Recommendation 7.3</u> A listed entity should disclose: a) if it has an internal audit function, how the function is structured and what role it performs; or b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	No	Audit Committee Charter Website	<p>The Board performs the role of Audit Committee. When the Board convenes as the Audit Committee it carries out those functions which are delegated to it in the Company's Audit Committee Charter which include overseeing the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material risk throughout the Company, which includes the Company's internal compliance and control systems.</p> <p>Due to the nature and size of the Company's operations, and the Company's ability to derive substantially all of the benefits of an independent internal audit function, the expense of an independent internal auditor is not considered to be appropriate.</p>
<u>Recommendation 7.4</u> A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	Corporate Governance Statement	The Company has considered its economic, environmental and social sustainability risks by way of internal review and has concluded that it is not subject to material economic, environmental and social sustainability risks.
Principle 8: Remunerate fairly and responsibly			
<u>Recommendation 8.1</u> The board of a listed entity should: a) have a remuneration committee which: 1) has at least three members, a majority of whom are independent directors; and 2) is chaired by an independent director, and disclose: 3) the charter of the committee; 4) the members of the committee; and 5) as at the end of each reporting period, the	No	Remuneration Committee Charter, Independent Professional Advice Policy Website	<p>The Board performs the role of Remuneration Committee. When the Board convenes as the Remuneration Committee it carries out those functions which are delegated to it in the Company's Remuneration Committee Charter.</p> <p>The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees. The Remuneration Committee did not meet during the financial year ended 30 June 2017.</p> <p>The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Executive Director, reviewing and making recommendations to the Board on the Company's incentive schemes and</p>

<p>number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>			<p>superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors, recommendations for remuneration by gender and making recommendations on any proposed changes and undertaking reviews of the Managing Director's performance, including, setting with the Executive Director goals and reviewing progress in achieving those goals. The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at \$2,000), to assist them to carry out their responsibilities.</p>
<p><u>Recommendation 8.2</u> A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	Yes	Remuneration Policy Website	<p>Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Executive Director remuneration is set by the Board with the executive director in question not present. Full details regarding the remuneration of Directors has been included in the Remuneration Report within the Annual Report.</p>
<p><u>Recommendation 8.3</u> A listed entity which has an equity-based remuneration scheme should:</p> <p>a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>b) disclose that policy or a summary of it.</p>	Yes	Remuneration Policy Website	<p>Executives and Non-Executive Directors are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.</p>

ROTO-GRO INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 \$	27 May 2015 to 30 June 2016 \$
Revenue	4	3,276	-
Corporate and administration expenses		(259,001)	(160,358)
Consulting fees		(266,838)	(232,355)
Amortisation expense	10	(168,767)	-
Travel expenses		(46,305)	(125,153)
Research and development expenses		(123,600)	-
Salaries and wages expense		(150,688)	(69,228)
Loss before income tax		(1,011,923)	(587,094)
Income tax expense	5	-	-
Loss attributable to members of the parent entity	6	(1,011,923)	(587,094)
Other comprehensive income, net of tax			
<i>Item that may be reclassified subsequently to operating result</i>			
Foreign currency translation		19,599	-
Other comprehensive income		19,599	-
Total comprehensive loss attributable to members of the parent entity		(992,324)	(587,094)
Basic and diluted loss per share (cents per share)	6	(2.37)	(4.56)

The accompanying notes form part of these financial statements

ROTO-GRO INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	30 June 2017 \$	30 June 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,165,615	134,107
Trade and other receivables	8	28,577	2,002
Other assets	9	609,778	6,352
TOTAL CURRENT ASSETS		<u>2,803,970</u>	<u>142,461</u>
NON-CURRENT ASSETS			
Intangible assets	10	10,831,233	-
TOTAL NON-CURRENT ASSETS		<u>10,831,233</u>	<u>-</u>
TOTAL ASSETS		<u>13,635,203</u>	<u>142,461</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	499,780	29,204
TOTAL CURRENT LIABILITIES		<u>499,780</u>	<u>29,204</u>
TOTAL LIABILITIES		<u>499,780</u>	<u>29,204</u>
NET ASSETS		<u>13,135,423</u>	<u>113,257</u>
EQUITY			
Contributed equity	12	13,714,841	700,351
Reserves	13	1,019,599	-
Accumulated losses		<u>(1,599,017)</u>	<u>(587,094)</u>
TOTAL EQUITY		<u>13,135,423</u>	<u>113,257</u>

The accompanying notes form part of these financial statements

ROTO-GRO INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 June 2017 \$	27 May 2015 to 30 June 2016 \$
Cash flows from operating activities			
Payments to suppliers and employees		(456,570)	(566,244)
Payments for product manufacturing		(600,601)	-
Deposits received		54,502	-
Interest received		3,276	-
Net cash outflows from operating activities	15	(999,393)	(566,244)
Cash flows from financing activities			
Proceeds from issue of shares in the Company (net of costs)		3,014,490	700,351
Net cash flows from financing activities		3,014,490	700,351
Net increase in cash and cash equivalents		2,015,097	134,107
Cash and cash equivalents at the beginning of the period		134,107	-
Effect of movement in exchange rates on cash held		16,411	-
Cash and cash equivalents at the end of the period	7	2,165,615	134,107

The accompanying notes form part of these financial statements

ROTO-GRO INTERNATIONAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
Balance at incorporation	1	-	-	-	1
Loss for the period	-	(587,094)	-	-	(587,094)
Other comprehensive income	-	-	-	-	-
	-	(587,094)	-	-	(587,094)
Transactions with equity holders in their capacity as owners					
Issue of shares (net of costs)	700,350	-	-	-	700,350
Balance at 30 June 2016	700,351	(587,094)	-	-	113,257
At 1 July 2016	700,351	(587,094)	-	-	113,257
Loss for the period	-	(1,011,923)	-	-	(1,011,923)
Other comprehensive income	-	-	-	19,599	19,599
	-	(1,011,923)	-	19,599	(992,324)
Transactions with equity holders in their capacity as owners					
Issue of shares (net of costs)	13,014,490	-	-	-	13,014,490
Issue of performance shares	-	-	1,000,000	-	1,000,000
Balance at 30 June 2017	13,714,841	(1,599,017)	1,000,000	19,599	13,135,423

The accompanying notes form part of these financial statements

**ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. CORPORATE INFORMATION

This financial report of Roto-Gro International Limited ("Company") and its controlled entities (the "Group") was authorised for issue in accordance with a resolution of the directors on 31 August 2017.

Roto-Gro International Limited is a listed public company, incorporated and domiciled in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 23.

Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

Subsidiaries are all those entities over which the consolidated entity has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Income and expenses of subsidiaries acquired or disposed of during the year are included in profit or loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intergroup transactions, balances, income and expenses are eliminated in full on consolidation.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(a) Basis of Consolidation (Cont.)

When the Company loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 'Financial Instruments: Recognition and Measurement' or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(c) Segment Reporting (Cont.)

Operating segments have been identified based on the information presented to the chief operating decision makers – being the Board of Directors.

Information about other business activities and operating segments that do not meet the quantitative criteria set out in AASB 8 “Operating Segments” are combined and disclosed in a separate category called “other”.

(d) 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 Group'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 Group'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.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(g) Intangible Assets

Intangible assets acquired, either individually or with a group of assets, are initially recognised and measured at cost. Intangible assets with finite lives are amortised over their estimated useful lives using the straight-line method based on the determined useful life of the asset.

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(g) Intangible Assets (Cont.)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss, or any reversal of a previously-recognised impairment loss, is recognised immediately in profit or loss.

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant year and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments other than loans receivables and financial liabilities. The Group does not currently hold any other classification of financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(h) Financial Instruments (Cont.)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting year. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(i) Foreign Currencies (Cont.)

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the year in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting year. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Company losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(j) Impairment of Assets

At the end of each reporting year, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Accounting Standard.

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Accounting Standard. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(k) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Trade and Other Payables

Liability for trade creditors and other amounts are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

(m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(n) 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.

(o) Comparatives

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year.

(p) Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(p) Business Combinations (Cont.)

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(q) Employee Benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting year in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(r) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members 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.

Diluted earnings per share

Diluted earnings per share adjusts 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(s) Changes in accounting policies and disclosure

In the year ended 30 June 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

(t) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest.

All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

(t) New Accounting Standards and Interpretations not yet mandatory or early adopted (Cont.)

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. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

(u) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Acquisition of Roto-Gro World Wide Inc. – refer to note 10

Key estimates and judgments are applied in the acquisition accounting including determining the type of acquisition, the fair value of the assets and liabilities acquired and the fair value of the consideration paid.

The acquisition of Roto-Gro World Wide Inc. was determined by the directors to be an asset acquisition.

In determining the fair value of the consideration paid, the directors estimated the probability of the performance shares issued as consideration, vesting. In determining the probability of the Group achieving each of the respective milestones for Class A, B, C and D performance shares, the directors took into account the lead times associated with start-up, size of construction facilities, sales contracts and potential sales leads as at acquisition date on 6 February 2017. It was determined that as at acquisition date, the Group had a nil likelihood of achieving the milestone for Class A and 20% likelihood of achieving each of the respective the milestones that class B, Class C and Class D which would result in the vesting of each class of the performance shares into ordinary shares. This percentage was applied to the fair value of each class of the performance shares at issue date thereby resulting in the valuation of each class of performance shares (refer to note 13).

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

3. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Group operates predominately in one industry, being the sale of automated rotary hydroponic advanced garden systems.

The main geographic areas that the entity operates in are Australia and Canada. The Groups has operations in Canada. The parent entity is registered in Australia. The Group's intangible assets are maintained in Mauritius.

The following tables present revenue, expenditure and certain asset and liability information regarding geographical segments for the years ended 30 June 2017 and 2016:

Geographical information

	Australia	Canada	Mauritius	Total
	\$	\$	\$	
Year ended 30 June 2017				
Revenue				
Sales to external customers	-	-	-	-
Interest income	3,276	-	-	3,276
Segment revenue	3,276	-	-	3,276
Other segment information				
Amortisation expense	-	-	168,767	168,767
Result				
Loss before tax	(276,862)	(550,129)	(184,932)	(1,011,923)
Income tax expense	-	-	-	-
Loss for the year	(276,862)	(550,129)	(184,932)	(1,011,923)
Asset and liabilities				
Segment assets	168,951	2,635,019	10,831,233	13,635,203
Segment liabilities	(46,273)	(439,181)	(14,326)	(499,780)
	Australia	Canada	Mauritius	Total
	\$	\$	\$	
Period ended 30 June 2016				
Revenue				
Sales to external customers	-	-	-	-
Interest income	-	-	-	-
Segment revenue	-	-	-	-
Other segment information				
Amortisation expense	-	-	-	-
Loss before tax	(587,094)	-	-	(587,094)
Income tax expense	-	-	-	-
Loss for the year	(587,094)	-	-	(587,094)
Asset and liabilities				
Segment assets	142,461	-	-	142,461
Segment liabilities	(29,204)	-	-	(29,204)

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

4. REVENUE

	30 June 2017 \$	27 May 2015 to 30 June 2016 \$
Interest received	3,276	-

5. INCOME TAX

Income tax expense reported in the statement of profit or loss and other comprehensive income

-	-
---	---

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate is as follows:

Net loss before income tax expense	(1,011,923)	(587,094)
Prima facie tax calculated at 27.5% (2016: 28.5%)	(278,279)	(167,322)
Non-deductible expenses	107,550	22,507
Tax losses carried forward	170,729	144,815
Income tax expense	-	-
Unrecognised deferred tax assets		
Deductible temporary differences	66,029	855
Revenue losses	310,463	144,815
	376,492	145,670

Availability of Tax Losses

The availability of the tax losses for future years is uncertain and will be dependent on the Company satisfying strict requirements with respect to continuity of ownership and the same business test imposed by income tax legislation. The recoupment of available tax losses as at 30 June 2017 is contingent upon the following:

- the Company deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
- the conditions for deductibility imposed by income tax legislation continuing to be complied with; and
- there being no changes in income tax legislation which would adversely affect the Company from realising the benefit from the losses.

Given the Company is currently in a loss making position, a deferred tax asset has not been recognised with regard to unused tax losses, as it has not been determined that the Company will generate sufficient taxable profit against which the unused tax losses can be utilised.

6. LOSS PER SHARE

	30 June 2017 \$	27 May 2015 to 30 June 2016 \$
Loss used in calculating basic and dilutive EPS	(1,011,923)	(587,094)
	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share:	42,630,050	12,867,221

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

7. CASH AND CASH EQUIVALENTS

	30 June 2017	30 June 2016
	\$	\$
Cash at bank and in hand	<u>2,165,615</u>	<u>134,107</u>

Cash at bank and in hand earns interest at floating rates based on daily at call bank deposit and savings rates.

8. TRADE AND OTHER RECEIVABLES

	30 June 2017	30 June 2016
	\$	\$
GST and HST receivable	<u>28,577</u>	<u>2,002</u>

9. OTHER ASSETS

	30 June 2017	30 June 2016
	\$	\$
Prepayments	9,177	6,352
Advance to Roto-Gro Technologies Inc ¹	<u>600,601</u>	<u>-</u>
	<u>609,778</u>	<u>6,352</u>

¹ Roto-Gro Technologies Inc was advanced \$600,601 as part payment for the manufacture and purchase of 150 Roto-Gro units, pursuant to the OEM Supply Agreement. As at 30 June 2017, no units had been completed by Roto-Gro Technologies Inc.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

10. INTANGIBLES ASSETS

	30 June 2017	30 June 2016
	\$	\$
Roto-Gro Licenses		
Cost	11,000,000	-
Accumulated amortisation	(168,767)	-
	<u>10,831,233</u>	<u>-</u>

Reconciliation of the written down values are set out below:

Opening balance		
Acquisition ¹	11,000,000	-
Amortisation expense	(168,767)	-
	<u>10,831,233</u>	<u>-</u>

¹ On 6 February 2017, the Company acquired a 100% interest in the issued capital of Roto-Gro Word Wide Inc (RWW), an unlisted company based in Mauritius which holds certain licences for the Roto-Gro System for a period of 25 years with 5 automatic renewals of 1 year each. The acquisition of RWW has been treated as an asset acquisition. The intangible asset has been amortised over the period of the license being 25 years.

Purchase consideration:	\$
50,000,000 Ordinary shares	10,000,000
Deferred consideration:	
5,000,000 Class A Performance Shares	-
7,000,000 Class B Performance Shares	280,000
9,000,000 Class C Performance Shares	360,000
9,000,000 Class D Performance Shares	<u>360,000</u>
	<u>11,000,000</u>
Identifiable assets acquired:	
Intangible assets - Roto-Gro License agreements	<u>11,000,000</u>

The deferred consideration is calculated on probability estimates from directors of the likelihood of achievement of specified milestones as at acquisition date. Refer to note 13 for further details.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

11. TRADE AND OTHER PAYABLES

	30 June 2017	30 June 2016
	\$	\$
Trade and other payables	445,278	29,204
Income received in advance – sale of Roto-Gro units	54,502	-
	499,780	29,204

Trade payables and other payables are non-interest bearing and are normally settled on 30 to 60 day terms.

12. CONTRIBUTED EQUITY

	30 June 2017	30 June 2016
	\$	\$
Ordinary shares	13,714,841	700,351
	13,714,841	700,351

	30 June 2017		30 June 2016	
	No.	\$	No.	\$
<i>Movement in ordinary shares on issue</i>				
Opening at start of the year / incorporation	15,495,001	700,351	1	1
Shares issued – Promoter shares	-	-	8,500,000	850
Shares issued – Seed shares	300,000	30,000	6,995,000	699,500
Shares issued – Initial public offering	17,616,500	3,523,300		
Shares issued - Roto-Gro World Wide Inc acquisition	50,000,000	10,000,000	-	-
Less fundraising costs	-	(538,810)	-	-
At end of year	83,411,501	13,714,841	15,495,001	700,351

Share options

There were no share options outstanding at 30 June 2017 (2016: nil).

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Restricted shares

As at 30 June 2017 there were 58,925,000 ordinary shares in escrow.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

13. RESERVES

	30 June 2017	30 June 2016
	\$	\$
Foreign currency translation reserve		
Opening balance	-	-
Foreign currency translation	19,599	-
Closing balance	19,599	-
	30 June 2017	30 June 2016
	\$	\$
Share based payment reserve		
Opening balance	-	-
Issuance of performance shares	1,000,000	-
Closing balance	1,000,000	-
Total Reserves	1,019,599	-

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Share based payment reserve

The share based payment reserve is used to recognise the fair value of performance shares issued as part consideration for the acquisition of Roto-Gro World Wide Inc (refer to note 10) which have the following vesting conditions:

- Class A: 5 million performance shares, each to convert to 1 ordinary share upon the Company generating revenue of \$10 million in cumulative sales by no later than 16 months after the date of satisfaction of the Conditions.
- Class B: 7 million performance shares, each to convert to 1 ordinary share upon the Company generating revenue of \$20 million in cumulative sales by no later than 28 months after the date of satisfaction of the Conditions.
- Class C: 9 million performance shares, each to convert to 1 ordinary share upon the Company generating revenue of \$50 million in cumulative sales by no later than 40 months after the date of the satisfaction of the Conditions.
- Class C: 9 million performance shares, each to convert to 1 ordinary share upon the Company generating revenue of \$80 million in cumulative sales by no later than 60 months after the date of satisfaction of the Conditions.

No consideration will be payable upon the vesting of the Performance Shares.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

13. RESERVES (CONT.)

Based on the above, the performance share valuations have been calculated as follows:

Class	No. of Shares	Issue Date	Lapse Date	Fair Value	Probability	Total Value
A	5,000,000	6 February 2017	6 June 2018	\$0.20	-	-
B	7,000,000	6 February 2017	6 June 2019	\$0.20	20%	\$280,000
C	9,000,000	6 February 2017	6 June 2020	\$0.20	20%	\$360,000
D	9,000,000	6 February 2017	6 February 2022	\$0.20	20%	\$360,000

Fair value: this was determined with reference to the prevailing share price at the date of issue.

Probability: for each performance milestones described above, the Directors assessment of the probability of achievement and eventually vesting as at the date of acquisition.

14. DIRECTORS AND EXECUTIVE DISCLOSURES

Remuneration of Key Management Personnel

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to Key Management Personnel ("KMP") for the financial year.

The totals of remuneration paid or payable to the KMP during the year are as follows:

	30 June 2017	27 May 2015 to 30 June 2016
	\$	\$
Short-term employee benefits	103,757	69,228

15. CASHFLOW INFORMATION

Reconciliation from the net loss after tax to the net cash flows from operations

Net loss	(1,011,923)	(587,094)
Non-Cash Items:		
Amortisation expense	168,767	-
Change in assets and liabilities:		
Trade and other receivables	(26,575)	(2,002)
Other assets	(603,427)	(6,352)
Trade and other payables	473,765	29,204
Net cash from operating activities	(999,393)	(566,244)

Non cash investing and financing activities

During the year ended 30 June 2017, the Group issued 50,000,000 ordinary shares and 30,000,000 performance shares as consideration for the acquisition of Roto-Gro World Wide Inc, which holds certain licences for the Roto-Gro System for a period of 25 years.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

16. RELATED PARTY TRANSACTIONS

The Group incurred the following transactions with related parties during the financial year ended 30 June 2017:

Mining Corporate Pty Ltd, an entity which Stephen Brockhurst is a director and shareholder, has been paid a total of \$31,190 (2016: nil) for director fees and \$77,639 (2016: \$21,290) for accounting, company secretarial and corporate advisory services. \$16,449 was owing as at 30 June 2017 (2016: \$571).

Roto-Gro Technologies Inc, an entity which Michael Carli is a director, has been paid \$600,601 as part payment for the manufacture and purchase of 150 Roto-Gro units, pursuant to the OEM Supply Agreement.

As disclosed in the prospectus dated 11 November 2016 and the replacement prospectus dated 5 December 2016, Michael Carli, as a shareholder of Roto-Gro World Wide Inc, was issued 2,025,000 ordinary shares and four classes of performance shares totalling 1,518,750 performance shares for certain licences for the Roto-Gro System acquired by Roto-Gro International Limited on 6 February 2017.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables and cash which arise directly from its operations. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Risk Exposures and Responses

Interest rate risk

The Group generates income from interest on surplus funds. At reporting date, the Company had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	30 June 2017	30 June 2016
Financial Assets	\$	\$
Cash and cash equivalents	2,165,615	134,107
Net exposure	<u>2,165,615</u>	<u>134,107</u>

There were no financial liabilities exposed to interest rate risk.

Interest rate sensitivity analysis

Changes to interest rates are not material to the Group.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's potential concentration of credit risk consists mainly of cash deposits with banks. The Group's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the reporting date. The Group considers the credit standing of counterparties when making deposits to manage the credit risk.

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

Liquidity risk

The responsibility with liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Group's policy is to ensure that it has sufficient cash reserves to carry out its planned activities over the next 12 months.

Foreign exchange risk

The Group is exposed to foreign exchange rate arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	AUD \$	2017 CAD \$	USD \$	AUD \$	2016 CAD \$	USD \$
Cash and cash equivalents	152,011	2,013,604	-	-	-	-
Trade and other receivables	7,763	20,814	-	8,081	-	-
Trade and other payables	(46,273)	(439,181)	(14,326)	(6,157)	-	-
	113,501	1,595,237	(14,326)	1,924		

Foreign currency risk sensitivity analysis

At 30 June, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the foreign currencies, with all other variables remaining constant is as follows:

	2017 Change in profit and equity with a +/- 10% in AUD to		2016 Change in profit and equity with a +/- 10% in AUD to	
	CAD \$	USD \$	CAD \$	USD \$
Cash and cash equivalents	201,360	-	-	-
Trade and other receivables	2,081	-	-	-
Trade and other payables	(43,918)	(1,433)	-	-
	159,523	(1,433)	-	-

Fair values

Fair values of financial assets and liabilities are equivalent to carrying values due to their short terms to maturity.

18. AUDITORS' REMUNERATION

	30 June 2017 \$	27 May 2015 to 30 June 2016 \$
Remuneration of the auditor for:		
- Auditing or reviewing the financial statements	23,000	3,000
Non-audit services		
- Taxation services	750	1,000
- Investigating accountants report	11,500	-

**ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

19. CONTROLLED ENTITIES

		Equity Holding 2017 %	Equity Holding 2016 %
	Country of Incorporation		
Subsidiaries of Roto-Gro International Ltd:			
Roto-Gro World Wide Inc	Mauritius	100	-
Roto-Gro World Wide (Canada) Inc	Canada	100	-

Roto-Gro World Wide Inc was acquired by Roto-Gro International Ltd on 6 February 2017.

Roto-Gro World Wide (Canada) Inc was incorporated on 9 February 2017.

20. COMMITMENTS

On 7 March 2017, the Group placed a purchase order with Roto-Gro Technologies Inc. for the manufacture and purchase of 150 Roto-Gro units pursuant to the OEM Supply Agreement. Roto-Gro Technologies Inc. has advanced \$600,601 (CAD 600,000) as at 30 June 2017 with the balance of \$303,456 (CAD 303,153) committed. No units were completed as at 30 June 2017.

The Group had no other commitments as at 30 June 2017 (2016: Nil).

21. EVENTS AFTER REPORTING DATE

On 10 July 2017, the Group completed the initial delivery of Roto-Gro units pursuant to its agreement with EuroAg Corporation.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

22. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2017 (2016: Nil).

ROTO-GRO INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

23. PARENT ENTITY DISCLOSURES

	2017	2016
	\$	\$
Financial position		
Assets		
Current assets	168,951	142,461
Non-current assets	13,728,207	-
Total assets	<u>13,897,158</u>	<u>142,461</u>
Liabilities		
Current liabilities	46,273	29,204
Total liabilities	<u>46,273</u>	<u>29,204</u>
Equity		
Issued capital	14,714,841	700,351
Accumulated losses	(863,956)	(587,094)
Total equity	<u>13,850,885</u>	<u>748,109</u>
Financial performance		
(Loss) for the year	(276,862)	(587,094)
Total comprehensive (loss) for the year	<u>(276,862)</u>	<u>(587,044)</u>

Other Commitments

The Company had no commitments as at 30 June 2017 (2016: Nil).

Contingent Liabilities

The Company had no contingent liabilities as at 30 June 2017 (2016: Nil).

ROTO-GRO INTERNATIONAL LIMITED DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Roto-Gro International Limited, I state that:

1. In the opinion of the directors:

- (a) the financial statements, notes and additional disclosures included in the Directors' Report designated as audited are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards, International Financial Reporting Standards as issued by the International Accounting Standards Board and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors:



Mr Stephen Brockhurst
Non-Executive Director

Dated this 31st day of August 2017

RSM Australia Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111
www.rsm.com.au

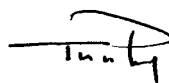
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Roto-Gro International Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 31 August 2017

RSM Australia Partners

8 St Georges Terrace Perth WA 6000

GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ROTO-GRO INTERNATIONAL LIMITED**

Opinion

We have audited the financial report of Roto-Gro International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; 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 Group in accordance with the auditor independence requirements of 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.

Key Audit Matter	How our audit addressed this matter
Acquisition of Roto-Gro World Wide Inc.	
Refer to Note 10 in the financial statements	
<p>On 6 February 2017, the company acquired 100% of the issued capital in Roto-Gro World Wide Inc. (RWW) for the consideration of \$11,000,000 through the issue of ordinary and performance shares. The acquisition was considered by management to be an asset acquisition and resulted in the recognition of an intangible asset of \$11,000,000 being the licence to manufacture, market and sell the Roto-Gro System worldwide.</p> <p>The acquisition of RWW is considered to be a key audit matter because it is material to the Group and the acquisition accounting involves the exercise of significant management judgement to determine the type of acquisition, the fair value of the consideration paid and the fair value of assets and liabilities acquired.</p>	<p>Our audit procedures in relation to the acquisition of RWW included:</p> <ul style="list-style-type: none"> • Reviewing the sale and purchase agreements to understand the transaction and the related accounting considerations; • Evaluating management's determination that the acquisition did not meet the definition of a business within AASB 3 <i>Business Combinations</i> and therefore was an asset acquisition as opposed to a business combination; • Assessing management's determination of the fair value of the consideration paid, in particular, the likelihood of the performance targets being met for each class of performance share issued; • Assessing management's determination of the fair value of the assets and liabilities acquired; and • Assessing the appropriateness of the disclosures in the financial report in respect of the acquisition.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 ability of the Group 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 Group or to cease operations, or have 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 at: 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 within the directors' report for the year ended 30 June 2017.

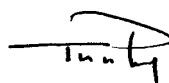
In our opinion, the Remuneration Report of Roto-Gro International Limited, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.

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.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 31 August 2017

ROTO-GRO INTERNATIONAL LIMITED
ASX ADDITIONAL INFORMATION

AS AT 31 JULY 2017

The following additional information is required by the ASX Limited in respect of listed public companies and was applicable at 31 July 2017.

1. Shareholder information

a. Number of Shareholders

Ordinary Shares

As at 31 July 2017, there were 617 shareholders holding a total of 83,411,501 fully paid ordinary shares.

Performance Shares

As at 31 July 2017, there were 52 shareholders holding a total of 30,000,000 performance shares.

b. Distribution of Equity Securities

Ordinary shares	Number (as at 31 July 2017)	
Category (size of holding)	Shareholders	Ordinary Shares
1 – 1,000	13	2,664
1,001 – 5,000	151	400,909
5,001 – 10,000	110	967,470
10,001 – 100,000	231	9,825,156
100,001 – and over	112	72,215,302
	617	83,411,501

The number of shareholdings held in less than marketable parcels is 51 shareholders amounting to 53,713 shares.

Performance shares (Class A, B, C & D)	Number (as at 31 July 2017)	
Category (size of holding)	Shareholders	Performance Shares
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	14	862,500
100,001 – and over	38	29,137,500
	52	30,000,000

The number of shareholdings held in less than marketable parcels is nil.

c. The names of substantial shareholders listed in the company's register as at 31 July 2017 are:

Shareholder	Ordinary Shares	%Held of Total Ordinary Shares
1923004 ONTARIO INC.	10,000,000	11.99%

ROTO-GRO INTERNATIONAL LIMITED
ASX ADDITIONAL INFORMATION

d. The following securities are restricted as at 31 July 2017:

- 100,000 ordinary shares until 2 August 2017
- 40,425,000 ordinary shares until 6 February 2018
- 18,400,000 ordinary shares until 10 February 2019
- 22,818,750 performance shares until 6 February 2018
- 7,181,250 performance shares until 10 February 2019

e. The voting rights attached to the ordinary shares are as follows:

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

f. 20 Largest Shareholders as at 31 July 2017 — Ordinary Shares

	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1. 1923004 ONTARIO INC.	10,000,000	11.99
2. SLOOP INVESTMENTS INC.	3,400,000	4.08
3. BALCIN CORP S.A.	2,520,000	3.02
4. SHERRY D GALLANT	2,500,000	3.00
5. CARBON HOLDCO INC.	2,025,000	2.43
6. 1911971 ONTARIO INC.	2,025,000	2.43
7. 939354 ONTARIO INC.	2,000,000	2.40
8. SHANGHAI HOLDINGS PTY LTD	2,000,000	2.40
9. MR LAFRAS LUITINGH	2,000,000	2.40
10. TUUC MANAGEMENT LTD.	1,825,000	2.19
11. RALPH SICKINGER	1,500,000	1.80
12. PENNINE RESOURCES LTD	1,500,000	1.80
13. SHEILA FRANCIS PARKER	1,500,000	1.80
14. MICHAEL GALLANT	1,500,000	1.80
15. BARCLAY WELLS LIMITED	1,500,000	1.80
16. CHOON PENG WONG	1,500,000	1.80
17. EURASIAN ENTERPRISES LTD	1,500,000	1.80
18. 2331633 ONTARIO LIMITED	1,218,334	1.46
19. JACOB PERRY	1,000,000	1.20
20. RORY MCHADY	1,000,000	1.20
	44,013,334	52.77

g. Use of Cash and Assets

The Company used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

2. The name of the company secretary is David Palumbo.

3. The address of the principal registered office in Australia is:
Level 11, 216 St Georges Terrace Perth WA 6000

4. Registers of securities are held at the following address:
Link Market Services Limited, Level 4, 152 St Georges Terrace Perth WA 6000

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the ASX Limited