

**AURORA ALGAE PTY LTD**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

## Auditor's Independence Declaration

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### UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017 there have been :

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the Audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit

Cormac Sharkey & Co Audit Pty Ltd

Cormac Patrick Sharkey,

Level 1, 186 Hampden Rd, NEDLANDS WA 6009

26/02/2018

## Statement of Profit and Loss and other Comprehensive Income For the year ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue	4	49,009,780	1,579,193
<b>Gross profit</b>		<b>49,009,780</b>	<b>1,579,193</b>
Administration expenses	5	(94,511)	(268,389)
<b>Profit before income tax</b>		<b>48,915,269</b>	<b>1,310,804</b>
Income tax (credit) expense		-	-
<b>Profit for the year</b>		<b>48,915,269</b>	<b>1,310,804</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
<b>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</b>			
<b>Total other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>48,915,269</b>	<b>1,310,804</b>

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For and on behalf of the board  
**Dipankar Dhruba Sen**      **Peter Kenneth Le Lievre**  
Director                                      Director

26/02/2018

## Statement of Financial Position as at 31 December 2017

	Note	2017 \$	2016 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash assets	6	97	34,246
Receivables	7	0	174,526
<b>Total Current Assets</b>		<b>97</b>	<b>208,772</b>
<b>Total Assets</b>		<b>97</b>	<b>208,772</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	9	0	26,116,532
<b>Total Current Liabilities</b>		<b>0</b>	<b>26,116,532</b>
<b>Non-Current Liabilities</b>			
Financial liabilities	10	0	23,007,411
<b>Total Non-Current Liabilities</b>		<b>0</b>	<b>23,007,411</b>
<b>Total Liabilities</b>		<b>0</b>	<b>49,123,943</b>
<b>Net Assets (Liabilities)</b>		<b>97</b>	<b>(48,915,171)</b>
<b>Equity</b>			
Reserves	11	6,175,875	6,175,875
Retained profits / (Accumulated losses)		(6,175,778)	(55,091,046)
<b>Total Equity (Deficiency)</b>		<b>97</b>	<b>(48,915,171)</b>

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## Statement of Cash Flows for the year ended 31 December 2017

	Note	2017 \$	2016 \$
<b>Cash Flow From Operating Activities</b>			
Receipts from other entities		60,361	1,496,227
Payments to Suppliers and employees		(94,511)	(1,560,109)
Interest received		1	82,966
<b>Net cash provided by (used in) operating activities</b>	<b>3</b>	<b>(34,149)</b>	<b>19,084</b>
<b>Net increase (decrease) in cash held</b>		<b>(34,149)</b>	<b>19,084</b>
Cash at the beginning of the year		34,246	15,162
<b>Cash at the end of the year</b>	<b>2</b>	<b>97</b>	<b>34,246</b>

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## Statement of Changes in Equity for the year ended 31 December 2017

	Common Stock \$	Retained Profit \$	Total \$
<b>Balance as at 1 January 2016</b>	6,175,875	(56,401,851)	(50,225,976)
Profit for the year	-	1,310,804	1,310,804
<b>Total comprehensive loss for the year</b>		<b>1,310,804</b>	<b>1,310,804</b>
Securities issued during the year	-	-	-
Capital issued costs	-	-	-
Cost of share based payments	-	-	-
<b>Balance as at 31 December 2016</b>	<b>6,175,875</b>	<b>(55,091,047)</b>	<b>(48,915,172)</b>
Profit for the year	-	48,915,269	48,915,269
<b>Total comprehensive Profit for the year</b>	<b>-</b>	<b>48,915,269</b>	<b>48,915,269</b>
Ordinary share – partly paid written off	-	-	-
Securities issued during the year	-	-	-
Capital issued costs	-	-	-
Cost of share based payments	-	-	-
<b>Balance as at 31 December 2017</b>	<b>6,175,875</b>	<b>(6,175,778)</b>	<b>97</b>

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**Dipankar Dhruba Sen**      **Peter Kenneth Le Lievre**  
 Director                              Director

26/02/2018

## Notes to Financial Statements for the year ended 31 December 2017

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### Note 1: Summary of Significant Accounting Policies

AURORA ALGAE PTY LTD is a company limited by shares, incorporated and domiciled in Australia.

#### Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and the requirements of the Corporations Act 2001.

The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of the statements are as follows:

#### Accounting Policies

##### (a) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument and have been maintained at the initial value as presented in the financial statements.

##### (b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

##### (c) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Debt forgiveness of \$49,009,779, forgiven by the Aurora Algae US, is recognised in the statement of profit & loss and other comprehensive income.

##### (d) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

##### (e) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

## Notes to Financial Statements for the year ended 31 December 2017

### Note 2. Reconciliation Of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2017 \$	2016 \$
Westpac Banking Checking 400367	97	34,246
Westpac Bank R&D 368549	0	0
	<b>97</b>	<b>34,246</b>

### Note 3. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Profit

Operating profit (loss) after tax	48,915,269	1,310,804
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
Increase (decrease) in other debtors	174,512	(41,056)
Increase (decrease) in trade creditors and accruals	13	(41,056)
Increase (decrease) in other creditors	(49,123,943)	(1,250,723)
Increase (decrease) in lease liabilities	(0)	(0)
Increase (decrease) in sundry provisions	0	58
<b>Net cash provided by (used in) operating activities</b>	<b>34,149</b>	<b>19,083</b>

### Note 4. Income

Interest received	1	82,966
Debt forgiven by the Holding Company	49,009,779	0
R&D Tax Concession Grant	0	1,496,227
<b>Total income</b>	<b>49,009,780</b>	<b>1,579,193</b>

### Notes 5. Expenses

Accounting and tax return preparation costs	8,182	70,205
Auditor's fees	4,000	9,000
Communication	3,328	6,398
Consulting, legal & outside professional services	56,601	157,553
Insurance	654	10,048
Office expenses, supplies & rentals	16,870	11,648
Travel, accommodation & transport	4,876	3,517
<b>Total expenses</b>	<b>94,511</b>	<b>268,389</b>

### Note 6. Cash Assets

Westpac Banking Checking 400367	97	34,246
	<b>97</b>	<b>34,246</b>



## Notes to Financial Statements for the year ended 31 December 2017

### Note 7. Receivables

Good and Services Tax (GST)	0	5,470
Inter-company receivable – US	0	169,056
	<u>0</u>	<u>174,526</u>

### Note 8. Auditors' Remuneration

Amount paid or due and payable to Cormac Sharkey & Co Audit Pty Ltd for:

- Audit or review services	4,000	9,000
	<u>4,000</u>	<u>9,000</u>

### Note 9. Payables

#### Unsecured:

Accounts Payable - Trade	0	(14)
Inter-company Payables US	0	26,116,546
	<u>0</u>	<u>26,116,532</u>

### Note 10. Financial Liabilities

#### Secured:

Inter-company Notes Payable LT	0	23,007,411
	<u>0</u>	<u>23,007,411</u>

### Note 11. Issued Capital and Reserves

Ordinary Shares – fully paid	6,175,875	6,175,875
Ordinary shares – partly paid	0	0
	<u>6,175,875</u>	<u>6,175,875</u>

11a. there was no movement in the ordinary shares on issue

11c. There are no Share Options or Performance Rights on issue.

### Note 12. Top 20 shareholders as at 31 December 2017

	Number of shares	%
1. Aurora Algae, INC.	6,175,875	100
<b>Total</b>	<b>6,175,875</b>	<b>100</b>
<b>Total remaining holders balance</b>	<b>0</b>	<b>0</b>

## Notes to Financial Statements for the year ended 31 December 2017

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### Note 13. Commitments and Contingent liabilities

The company has ceased its operations completely and is in the process of deregistration. There are no contingent liabilities or commitments.

### Note 14. Related party transactions

The total debt of \$49,009,779 owed to Aurora Algae INC, the sole shareholder and the holding company, was forgiven with effect from the date of the Debt Forgiveness Deed.

For and on behalf of the board

**Dipankar Dhruba Sen**

Director

**Peter Kenneth Le Lievre**

Director

## Independent Auditor's Report

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We have audited the accompanying financial report of AURORA ALGAE PTY LTD (the company), which comprises the Directors' Declaration, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, Statement of Cash Flows, Statement of Changes In Equity, notes comprising a summary of significant accounting policies and other explanatory information, for the year ended 31 December 2017.

### Directors' Responsibility 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 the Australian Accounting Standards and the accounting policies described in Note 1 of the financial report that are appropriate to meet the requirements of the Corporations Act 2001. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

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

### Opinion

In our opinion the financial report of AURORA ALGAE PTY LTD is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

Signed on : 26/02/2018

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Cormac Patrick Sharkey,

Cormac Sharkey & Co Audit Pty Ltd

Level 1, 186 Hampden Rd, NEDLANDS WA 6009