red fox capital ltd

ACN 169 441 874

FINANCIAL STATEMENTS

30 JUNE 2016

CONTENTS

Directors' Report

The directors of Red Fox Capital Limited (the 'Company') present their report for the year ended 30 June 2016 and the auditor's report thereon.

Red Fox Capital Limited was incorporated on 8th May 2014 and the comparative results represent a 14 month period ended 30 June 2015.

Directors
The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and Independence status	Experience, special responsibilities and other directorships
Ian Leete	Ian Leete has had more than 15 years experience in the financial markets primarily as a retail and then corporate stockbroker, specialising in placements, initial public offerings and backdoor listings. Ian has a degree in Economics at Macquarie University.
Peter Dunoon	Peter Dunoon is a Fellow Certified Practising Accountant, Fellow Member of the Governance Institute of Australia, Registered Tax Agent and is the owner of the accounting practice, Sydney Accounting Practice Pty Limited. He has over 20 years experience in taxation and accounting ranging from small businesses to listed public companies on the Australian Securities Exchange.
Loren King	Mrs King has worked in finance and back office administration roles with ASX listed companies, stockbroking and corporate advisory services for the past 11 years. As well as being a Partner at and Company Secretary of the Cicero Group, Mrs King holds the positions of Non-Executive Director and Company Secretary at Brookside Energy Limited (ASX: BRK), Blaze International Limited (ASX: BLZ) and Lustrum Minerals Limited. Additionally, Loren currently serves as the Company Secretary of Wangle Technologies Limited (ASX: WGL), Fraser Range Metals Group Limited (ASX: FRN) and Andes Resources Limited. Mrs King has a Bachelor of Psychology, is a Fellow Member of the Governance Institute of Australia holding a Graduate Diploma of Applied Corporate Governance and has a Certificate IV in Financial Services (Bookkeeping).

Company secretary
Peter Dunoon is a fellow member of CPA Australia and Chartered Secretaries Australia and was the appointed company secretary on 4 October 2014.

Principal activities
During the year, the principal activities of the Company were investigating investment and project opportunities in Australia and abroad.

There have been no significant changes in the nature of these activities during the year.

Review of operations and results

The Company incurred an operating loss for the year of $4,366 and has not commenced activities as at today. The loss reflects the Company's commencement and establishment costs incurred during its initial set up.

Significant changes in the state of affairs

The Company issued 5,679,998 ordinary shares during the year at an average of $0.02 per share equal to $112,498 (30 June 2015: $2.00). The additional shares were issued for cash.

	2016		2015	
Share Issues	**Shares**	**$**	**Shares**	**$**
Ordinary Shares	5,680,000	112,500	2	2

Dividends

No dividends were paid or proposed to be paid during the year.

Directors' meetings

The number of meetings of directors held during the financial year and the number of meetings attended by each director were as follows:

	Board meetings	
Board of directors	**Eligible to attend**	**Attended**
Ian Leete	1	1
Peter Dunoon	1	1
Loren King	1	1

Options

There were no options issued.

Directors' interests

The relevant interest of each director in the shares and rights or options over shares issued by the Company, at the date of this report is as follows:

	Ordinary shares	Options	
Director	**issued**	**Amount**	**Exercise/Expiry**
Ian Leete	1,675,000	-	-
Peter Dunoon	100,000	-	-
Loren King	-	-	-

Events arising since 30 June 2016

On 1 July 2016, the Company (1) entered into an agreement to acquire an option to purchase 30% of the Kookabookra Gold Project located in the New England district of NSW at a cost of $50,000 and (2) loaned Need To Learn Pty Ltd $50,000 at an interest rate of 10% pa and was issued 5% equity (free carry) in Need To Learn Pty Ltd. Need to Learn Pty Ltd is technology company that is building an online portal to sell educational courses to international and domestic students.

In August 2017, the Company entered into a conditional heads of agreement to acquire 100% equity interest in South Pacific Elixirs Pte Ltd and South Pacific Elixirs Ltd at a consideration of about $7.8 million, by way of an issuance of 39,000,000 fully paid ordinary shares of the Company at a deemed price of $0.20 per share.

The Company recently completed a capital raising of $750,000 at $0.10 per share in July / August 2017.

Likely developments
Information on likely developments in the Company's operations and the expected results have not been included in this report because the directors believe it would likely result in unreasonable prejudice to the Company.

Insurance and indemnification of directors and auditors
During the financial year, the Company did not undertake any insurance that insured the directors and officers of the Company against liability incurred as such by a director to the extent permitted by the Corporations Act 2001. The Company did not indemnify its auditors, to the extent permitted by law, against any claim by a third party arising from the Company's breach of its agreement.

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

Auditors' Independence Declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included in page 6 of the financial statements and form part of the Directors' report.

Signed in accordance with a resolution of the directors:

Ian Leete
Chairman

Dated this 16th day of August 2017.

PKF lawler

AUDITOR'S INDEPENDENCE DECLARATION
RED FOX CAPITAL LTD

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Red Fox Capital Ltd.

As audit partner of Red Fox Capital Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

PKF Lawler

PKF Lawler Audit (WA) Pty Ltd
ABN 42 163 529 682

Nikki Shen

Nikki Shen
Director

Dated 16 August 2017

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Statement of Profit or Loss and other Comprehensive Income

For the Year ended 30 June 2016

	Note	Year end 30 June 2016 $	Period from 8 May 2014 (incorporation) to 30 June 2015 $
EXPENSES			
Incorporation expenses		-	(1,320)
Administration expenses		(4,366)	(2,250)
Loss before income tax expense		**(4,366)**	**(3,570)**
Income tax	**4**	-	-
Loss for the year (period)		**(4,366)**	**(3,570)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the year (period) attributable to the owners of Red Fox Capital Limited		**(4,366)**	**(3,570)**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2016

	Notes	2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents		110,384	2
TOTAL ASSETS		**110,384**	**2**
LIABILITIES			
Current			
Other payables	5	5,820	3,570
TOTAL LIABILITIES		5,820	3,570
NET ASSETS/(LIABILITIES)		**104,564**	**(3,568)**
EQUITY			
Accumulated Losses		(7,936)	(3,570)
Issued Capital	6	112,500	2
TOTAL EQUITY		**104,564**	**(3,568)**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the Year ended 30 June 2016

2016	Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 1 July 2015	**2**	**(3,570)**	**(3,568)**
Issue of share capital	112,498	-	112,498
Income/Loss for the Year	-	(4,366)	(4,366)
Other Comprehensive Income	-	-	-
Balance at 30 June 2016	**112,500**	**(7,936)**	**104,564**

2015	Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 1 July 2014	-	-	-
Share issue at incorporation	2	-	2
Income/Loss for the Year	-	(3,570)	(3,570)
Other Comprehensive Income	-	-	-
Balance at 30 June 2015	**2**	**(3,570)**	**(3,568)**

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the Year ended 30 June 2016

	Year end 30 June 2016 $	Period from 8 May 2014 (incorporation) to 30 June 2015 $
Operating activities		
Payments to suppliers and employees	(2,100)	(1,320)
Bank Charges	(16)	-
Net cash (used in) operating activities	(2,116)	(1,320)
Financing activities		
Proceeds from issue of share capital	112,498	2
Advances received	-	1,320
Net cash provided by financing activities	112,498	1,322
Net increase in cash and cash equivalents	110,382	2
Cash and cash equivalents, beginning of the Year/period	2	-
Cash and cash equivalents, end of the Year/period	110,384	2

This statement should be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1 REPORTING ENTITY

Red Fox Capital Limited (the 'Company') was incorporated and is domiciled in Australia.

The Company is a for-profit entity and is primarily involved in analysing business opportunities with the view to acquire or vend in. The registered office of the Company is at Level 4, Suite 403, 20 Bond Street, Sydney NSW 2000.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). They were authorised for issue by the Board of Directors on 16 August 2017.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, 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.

Accounting Policies

a) Income Tax

Income tax expense comprises current and deferred tax. It is recognised in the profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

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 is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) 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 periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value adjusted by transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial liabilities

The Company's financial liabilities comprise other payables.

Financial liabilities are measured subsequently at amortised cost. Gain or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Equity and reserves

Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. Retained earnings/accumulated losses include all current and prior period retained profits and losses.

All transactions with owners of the parent are recorded separately within equity.

e) Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognised on the acquisition date when there is a present obligation that arises from past events and the fair value can be measured reliably, even if the outflow of economic resources is not probable. They are subsequently measured at the higher amount of a comparable provision as described above and the amount recognised on the acquisition date, less any amortisation.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

f) Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

g) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

(i) AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively (subject to the comment on hedge accounting below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

(ii) AASB15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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 the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract(s);
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract(s); and
5. Recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

h) New Revised standards adopted

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and are effective for the current financial reporting period, being the year ended 30 June 2016.

3 AUDITORS' REMUNERATION AND OTHER SERVICES:

Amounts paid to PKF Lawler Audit (WA) Pty Ltd the Company's auditor:

	Year end 30 June 2016 $	Period from 8 May 2014 (incorporation) to 30 June 2015 $
Auditing the financial statements	2,250	2,250
Total auditors' remuneration	2,250	2,250

4 INCOME TAX

There are no current or deferred tax expenses during the year. The prima facie tax expense / (credit) on profit / (loss) from ordinary activities before income tax is reconciled to income tax as follows:

	2016 $	2015 $
Prima facie tax payable/ (benefit) on profit / (loss) before income tax at 28.5% (2015: 30%)	(1,244)	(1,071)
Tax effect of non-deductible expenses	-	396
Tax effect of temporary differences	(75)	(79)
Tax effect of tax losses not recognised	1,319	754
Total	-	-

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policy of Note 2(a). In the current year, the tax loss of $4,628 added to the prior year tax loss of $2,513, resulted in a tax loss carry forward of $7,141. (2015: $2,513).

5 OTHER PAYABLES

	2016 $	2015 $
Current		
Accruals	4,500	2,250
Payable to a director	1,320	1,320
Total other payables	**5,820**	**3,570**

6 ISSUED CAPITAL

The share capital of the Company consists only of unpaid ordinary shares, the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company. The number of shares issued:

	2016		2015	
	Shares	**$**	**Shares**	**$**
Beginning of the period	2	2	-	-
Share issue during the year	112,498	5,679,998	2	2
Shares on issue at 30 June	**112,500**	**5,680,000**	**2**	**2**

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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

The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the year.

7 RELATED PARTY TRANSACTIONS

The Company’s related parties include its associates, key management, and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. In 30 June 2015, Ian Leete (director) advanced to the Company $1,320 to pay for the cost of its incorporation.

8 CONTINGENCIES

The Company has no contingent assets or contingent liabilities at the end of the reporting period.

9 COMMITMENTS

There are no commitments.

10 POST-REPORTING DATE EVENTS

On 1 July 2016 the Company (1) entered into an agreement to acquire an option to purchase 30% of the Kookabookra Gold Project located in the New England district of NSW at a cost of $50,000 and (2) loaned Need To Learn Pty Ltd $50,000 at an interest rate of 10% pa and was issued 5% equity (free carry) in Need To Learn Pty Ltd. Need to Learn Pty Ltd is technology company that is building an online portal to sell educational courses to international and domestic students.

In August 2017, the Company entered into a conditional heads of agreement to acquire 100% equity interest in South Pacific Elixirs Pte Ltd and South Pacific Elixirs Ltd at a consideration of about $7.8 million, by way of an issuance of 39,000,000 fully paid ordinary shares of the Company at a deemed price of $0.20 per share.

The Company recently completed a capital raising of $750,000 at $0.10 per share in July / August 2017.

11 GOING CONCERN

Notwithstanding the loss for the year and negative cash flows from operating activities, the financial statements have been prepared on a going concern basis on the basis that the board is confident that the Company will be able to meet forecast targets to provide sufficient funds to meet the working capital needs of the business

The Company's ability to continue as a going concern is contingent upon successfully raising additional working capital or loan funds as required to fund ongoing working capital. If additional funds are not raised the going concern basis may not be appropriate with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business, with amounts being realised being different from those disclosed in the financial report. No allowance for such circumstance has been made in the financial report.

Directors' Declaration

In accordance with a resolution of the directors of Red Fox Capital Limited, the directors of the Company declare that:

1 The financial statements and notes of as set out on pages 6 to 15, are in accordance with the Corporations Act 2001, and

i comply with Australian Accounting Standards which, as stated in accounting policy Note 2 to the financial statements, constitute compliance with International Financial Reporting Standards (IFRS), and

ii give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company.

2 In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the board of directors:

Ian Leete
Chairman

Dated this 16th day of August 2017.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RED FOX CAPITAL LTD

Report on the Financial Report

Opinion

We have audited the financial report of Red Fox Capital Ltd ("the Company") comprising the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion, the accompanying financial report of Red Fox Capital 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 30 June 2016, and of its financial performance and its cash flows for the year then ended; and
b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibilities 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 Note 2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 and 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

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 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 entity's preparation 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 entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

PKF Lawler

PKF Lawler Audit (WA) Pty Ltd
ABN 42 163 529 682

Nikki Shen

Nikki Shen
Director

Dated 16 August 2017