MICROEQUITIES LTD AND CONTROLLED ENTITIES
A.B.N. 17 110 777 056

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2017

INDEX

DIRECTOR'S REPORT

Your directors present their report, together with the financial statements, on the consolidated entity (referred hereafter as the 'consolidated entity' or 'Group') consisting of Microequities Limited and the entities it controlled for the year ended 30th June 2017.

Directors
The names of the directors in office during the financial year and until the date of this report are:

Carlos Gil
Samuel Gutman
Leslie Szekely
Craig Shapiro

Principal activities
The principal activity of the consolidated entity during the financial year was primarily the management of investment funds. No significant changes in the nature of the activities of the Group occurred during the financial year.

Review of Operations
The profit of the consolidated entity for the financial year after providing for income tax amounted to $9,495,319 (2016: $4,866,318).

Dividend
A dividend of $8,438,484 was declared to shareholders during the year (2016: $3,094,326).

Registered Office
Suite 3105, Level 31, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Share Options
No options were issued during the year. There are 8,186 share options outstanding as at 30 June 2017 (2016: 8,186).

Significant Changes in State of Affairs
Other than already noted in this report, there were no significant changes in the state of affairs of the group during the year.

Likely developments and expected results of operations
Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this annual financial report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Matters subsequent to the end of the financial year

There has not arisen any matter of a material and unusual nature, in the opinion of the directors of the Group between the end of the financial year and the date of this report, to affect substantially:

(a) the group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the group's state of affairs in future financial years.

Environmental Regulation and Performance
The consolidated entity has assessed whether there are any particular or significant environmental regulations which apply to it and has determined that no such regulations are applicable.

Directors' Interests and Benefits

Microequities Asset Management Pty Ltd has a Partnership Deed for the Microequities Venture Capital Managing Partnership LP with an entity associated with Leslie Szekely. This agreement was entered into on commercial terms on an arms' length basis and has conducted business during the 2017 financial year on an arms' length basis.

Except for the above, no director has received or become entitled to receive, during or since the end of the financial year, a benefit because of a contract made by the Company, controlled entity or a related body corporate with the director, a firm of which the director is a member or an entity in which the director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the Group's accounts, or the fixed salary of a full time employee of the Company, controlled entity or related body corporate.

Insurance of Officers
The Company has paid premiums to insure the Directors and Officers 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 Directors and Officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Auditor's Independence Declaration
A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

Signed in accordance with a Resolution of the Directors.

....	....
Carlos Gil	Samuel Gutman
Director	Director
15 August 2017	15 August 2017

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MICROEQUITIES LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 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.

Prosperity Audit Services

PROSPERITY AUDIT SERVICES

LUKE MALONE
Partner

15 August 2017

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Prosperity Advisers Audit Services Pty Limited
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

Revenue from continuing operations	Note	2017 $	2016 $
Revenue		16,230,499	7,094,578
Other income		(98,763)	1,272,326
		16,131,736	**8,366,904**
Expenditure			
Accounting & audit fees		(15,913)	(23,146)
Advertising expenses		(189,210)	(137,130)
Employee benefits expenses		(1,769,155)	(872,102)
Legal & professional fees		(15,993)	(37,366)
Rebate management fees		(612,773)	(93,629)
Rent		(192,766)	(72,905)
Other expenses		(364,866)	(251,016)
		(3,160,676)	**(1,487,294)**
Profit/(Loss) from ordinary activities before income tax expense		**12,971,060**	**6,879,610**
Income tax (benefit) / expense		(3,475,741)	(2,013,292)
Profit/(Loss) after income tax expense		**9,495,319**	**4,866,318**
Other comprehensive income		-	-
Total comprehensive income		**9,495,319**	**4,866,318**
Total comprehensive income is attributable to:			
- Shareholders of Microequties Limited		9,292,556	4,866,318
- Non-controlling interests		202,763	-
		9,495,319	**4,866,318**

The accompanying notes form part of these of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 $	2016 $
Current Assets			
Cash and cash equivalents	3	3,715,138	2,575,964
Trade and other receivables	4	3,906,388	431,981
Financial assets	5	950,983	-
Loan receivables from shareholders		49,644	95,327
Total Current Assets		**8,622,153**	**3,103,272**
Non-current Assets			
Financial assets	5	1,842,883	3,093,683
Investments purchased not yet unitised		-	200,000
Loan receivables from shareholders		265,332	553,931
Deferred tax assets		65,080	27,583
Total Non-current Assets		**2,173,295**	**3,875,197**
Total assets		**10,795,448**	**6,978,469**
Current liabilities			
Trade and other payables	6	670,449	254,740
Provisions for leave liability		210,381	74,942
Dividend payable		2,300,000	716,866
Provision for income tax	7	1,434,088	459,279
Total current liabilities		**4,614,918**	**1,505,827**
Non-current liabilities			
Deferred tax liabilities		32,256	178,450
Total non-current liabilities		**32,256**	**178,450**
Total liabilities		**4,647,174**	**1,684,277**
Net assets		**6,148,274**	**5,294,192**
Equity			
Issued capital	8	2,970,655	2,970,645
Retained earnings	9	3,177,619	2,323,547
Total equity		**6,148,274**	**5,294,192**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital $	Retained Earnings / (accumulated $	Non-controlling interest	Total $
BALANCE AT 1 JULY 2015	**2,221,387**	**551,555**	**-**	**2,772,942**
Transactions with owners as owners				
- Dividend paid	-	(3,094,326)	-	(3,094,326)
Shares issued	749,258	-	-	749,258
Total comprehensive income for the year	-	4,866,318	-	4,866,318
BALANCE AT 30 JUNE 2016	**2,970,645**	**2,323,547**	**-**	**5,294,192**
Transactions with owners/partners in their capacity as owners/partners				
- Capital contributed by Equity Venture Partners Pty Ltd	10		-	10
- Dividend paid	-	(8,438,484)	-	(8,438,484)
- Partner drawings	-	(202,763)	-	(202,763)
Total comprehensive income for the year	-	9,292,556	202,763	9,495,319
BALANCE AT 30 JUNE 2017	**2,970,655**	**2,974,856**	**202,763**	**6,148,274**

The accompanying notes form part of these of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Cash Flows From Operating Activities			
Receipts from customers		14,113,456	7,122,096
Interest received		130,321	71,901
Payments to suppliers and employees		(3,330,081)	(1,176,711)
Income tax paid		(2,684,623)	(1,652,213)
Net cash flows from operating activities	10	**8,229,073**	**4,365,073**
Cash Flows From Investing Activities			
Proceeds from sale of investments/capital returns		140,697	1,491,793
Payment for investments		(172,493)	(2,024,865)
Net cash flows used in investing activities		**(31,796)**	**(533,072)**
Cash Flows From Financing Activities			
Capital raised for shares issued		-	100,000
Capital contributed by Equity Venture Partners Pty Ltd		10	-
Partner drawings		(202,763)	-
Dividends paid		(6,855,350)	(2,377,460)
Net cash provided by / (used in) financing activities		**(7,058,103)**	**(2,277,460)**
Net increase / (decrease) in cash and cash equivalents held		1,139,174	1,554,541
Cash and cash equivalents at beginning of financial year		2,575,964	1,021,423
Cash and cash equivalents at end of financial year	3	**3,715,138**	**2,575,964**

The accompanying notes form part of these of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Microequities Limited, Microequities Asset Management Pty Limited, Microequities Venture Capital Pty Ltd and Microequities Venture Capital Fund Managing Partnership LP.

(a) Basis of preparation

(i) Special purpose financial report

In the Directors' opinion, the Company is not a reporting entity because there are no users dependent on a general purpose financial report.

These are special purpose financial statements that have been prepared for the purposes of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the owners of Microequities Limited. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Microequities Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flow*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1048 *Interpretation and Application of Standards*, as appropriate for-profit oriented entities. These financial statements do not conform to International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

(ii) Historical cost convention

The financial statements have been prepared under the historical cost convention.

(iii) Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. There are no estimates and judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Microequities Limited ("company" or "parent entity") as at 30 June 2017 and the results of its subsidiaries for the year then ended. Microequities Limited and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are entities the parent controls (including special purpose entities). The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 12.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed whether necessary to ensure consistency with the policies adopted by the group.

(b) Principles of consolidation (cont'd)

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(c) Revenue Recognition

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, have been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

(i) Interest Income

Interest revenue is recognised using the effective interest rate method.

(ii) Dividend revenue

Dividends are recognised when the right to receive payment is established.

(ii) Rendering of services

Revenue in relation to rendering of services is recognised on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

(d) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the balance sheet.

(e) Leases

Lease payments for operating leases where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the period in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(f) Trade and other receivables

All trade debtors are recognised at the amounts receivable.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(g) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured.

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Tax Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables 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 balance sheet.

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

(i) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Income Tax (cont'd)

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Tax consolidation

The Company and its wholly-owned entity, Microequities Asset Management Pty Ltd, are part of a tax consolidated group. As a consequence all members are therefore taxed as a single entity. The head entity within the tax-consolidated group is Microequities Ltd.

Microequities Venture Capital Fund Managing Partnership LP is not a wholly owned entity and is therefore not part of the tax consolidated group.

Microequities Venture Capital Pty Ltd is not a taxable entity.

(j) Employee Benefits

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(k) Share capital

Ordinary shares are classified as equity.

If the company reacquires its own shares, for example, as the result of a share buy-back, those shares are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs is recognised directly in equity.

(l) Dividends

Provision is made for amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at reporting date.

(m) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

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 recognised as expenses in profit or loss immediately

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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.

(i) 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.

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

As the Company's financial assets are not are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, these financial assets are measured at fair value through profit or loss.

(n) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period. The company's initial assessment of the impact of these new standards and interpretation is that there will be no material change to the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	$	$
2 AUDITOR'S REMUNERATION		
Audit of the financial report	11,000	10,500
Tax compilation and related services	5,400	4,000
	16,400	14,500
3 CASH AND CASH EQUIVALENTS		
Short term deposits	290,534	20,000
Cash at bank	3,424,574	2,555,964
Cash on hand	30	-
	3,715,138	2,575,964
4 TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade debtors	3,465,335	340,533
Trust distribution receivable	382,559	21,324
Other receivable	58,494	25,491
Lease deposits	-	44,633
	3,906,388	431,981
5 FINANCIAL ASSETS		
CURRENT		
Shares in Listed Companies	950,983	-
NON-CURRENT		
Shares in Listed Companies	-	1,111,117
Shares in Other Companies	1,842,883	1,982,566
	1,842,883	3,093,683

	2017	2016
	$	$

6 TRADE & OTHER PAYABLES

	2017	2016
CURRENT		
Trade Creditors	85,078	35,601
PAYG withholding payable	58,295	26,122
GST Clearing Account	415,203	126,158
Other payables	111,873	66,859
	670,449	254,740

7 TAX ASSETS/LIABILITIES

	2017	2016
LIABILITIES		
CURRENT		
Provision for Income Tax	1,434,088	459,279

8 ISSUED CAPITAL

	2017	2016
Owners's / Shareholder's Capital	2,970,645	2,970,645
Capital contributed by Equity Venture Partners Pty Ltd	10	-
Total issued capital	2,970,655	2,970,645

9 RETAINED EARNINGS

	2017	2016
Retained earnings at the beginning of the financial year	2,323,547	551,555
Net profit attributable to members of the company	9,292,556	4,866,318
Dividends provided for or paid	(8,438,484)	(3,094,326)
Retained earnings at the end of the year	3,177,619	2,323,547

	2017	2016
	$	$
10 CASH FLOW RECONCILLIATION		
Profit / (loss) for the year	9,495,319	4,866,318
Adjustments for non cash items		
(Increase)/decrease in value of investments	531,613	(594,831)
Capital gains included in investing activities in the statement of cash flows	-	(334,198)
Changes in operating assets and liabilities		
Decrease/(Increase) in trade and other receivables	(3,474,407)	(243,878)
Decrease/(Increase) in loan receivables from shareholders	334,282	-
Decrease/(Increase) in deferred tax assets	(37,497)	(20,701)
Increase/(Decrease) in trade and other payables	415,709	129,244
Increase (Decrease) in provision for leave liability	135,439	61,255
Increase (Decrease) in provision for income tax	974,809	361,079
Increase (Decrease) in deferred tax liabilities	(146,194)	140,786
Cash inflow / outflow from operating activities	**8,229,073**	**4,365,073**

11 OPERATING LEASE COMMITMENTS

The company's operating lease commitments are representative of non-cancellable operating leases expiring on 14 October 2018 and 31 December 2020 respectively . The lease commitments are as follows:

	2017	2016
Within one year	327,394	86,787
Later than one year but not later than 5 years	691,537	116,883
Later than five years	-	-
	1,018,931	**203,670**

There is a sublease agreement in place relating to the operating lease expiring on 14 October 2018. The amounts shown in the table above do not reflect any reduction in net operating lease commitments as a consequence of this sublease arrangement.

12. INTERESTS IN SUBSIDIARIES

Name of Subsidiary	Country	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2017 %	2016 %	2017 %	2016 %
Microequities Asset Management Pty Ltd	Australia	100%	100%	-	-
Microequities Venture Capital Pty Ltd[1]	Australia	100%	-	-	-
Microequities Venture Capital Fund Managing Partnership LP[1]	Australia	50%	-	50% [2]	-

[1] Incorporated/Established during the year.
[2] Represents 50% interest in Microequities Venture Capital Fund Managing Partnership LP.

13. EVENTS AFTER REPORTING DATE

There have been no material events subsequent to the reporting date which would affect the financial report.

14. COMMITMENTS

The Group does not have any financial, operating or capital commitments which have not been recognised in the financial statements as liabilities.

15. CONTINGENT ASSETS AND LIABILITIES

The Group is not aware of any matter that has not been brought to account or should be disclosed as a contingent asset or contingent liability in these financial statements.

DIRECTORS' DECLARATION

As stated in Note 1(a) to the consolidated financial statements, in the directors' opinion, the company is not a reporting entity because there are no users dependent on the preparation of general purpose financial reports. This is a special purpose financial report that has been prepared to meet *Corporations Act 2001* requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in Note 1.

In the opinion of the Directors of Microequities Limited:

(a) the consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the Corporations Regulations; and

(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.

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

....
Carlos Gil
Director
15 August 2017

....
Samuel Gutman
Director
15 August 2017

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MICROEQUITIES LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2017

Report on the Financial Report

Opinion
We have audited the accompanying financial report, being a special purpose financial report, of Microequities Limited and Controlled Entities ('the Group') which comprises the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income, Statement of Changes in Equity and 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 Microequities Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards to the extent described in Note 1 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 Microequities Limited and Controlled Entities, a copy of which is included on page 4 of the financial report.

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

Information Other than the Financial Report and Auditor's Report Thereon
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 our 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.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MICROEQUITIES LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2017 (cont'd)

Responsibilities of the Directors for the Financial Report

The directors of the Group 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group'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 Group to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MICROEQUITIES LIMITED AND CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2017 (cont'd)

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.

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.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Prosperity Audit Services

PROSPERITY AUDIT SERVICES

LUKE MALONE
Partner
15 August 2017
Sydney