EMERALD CLINICS LIMITED
ABN 96 625 085 734

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2018

EMERALD CLINICS LIMITED
ABN 96 625 085 734

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DIRECTORS' REPORT

Your directors present their report on the company for the financial period ended 30 June 2018.

Directors

The names of the directors in office at any time during or since the end of the period are:

Mr Stewart Washer	Executive Chairman (appointed 19 March 2018)
Mrs Patrizia Derna Washer	Non-Executive Director (appointed 19 March 2018)
Matthew Callahan	Non-Executive Director (appointed 19 March 2018)

Current Directors

Mr Stewart Washer – Executive Chairman

Stewart has 25 years of CEO and Board experience in medical and agrifood biotech companies. He is currently VP Business Development of AusCann Ltd (ASX:AC8), medical cannabis manufacturing, Director and co-founder of Zelda Therapeutics Ltd (ASX:ZLD) medical cannabis clinical studies and research, Chairman of Orthocell Ltd (ASX:OCC), regenerative medicine company, Founding Chairman and current Director of Cynata Therapeutics Ltd (ASX:CYP) stem cell therapies and Chairman of Minomic International Ltd cancer diagnosis and treatment.

Stewart has held a number of Board positions in the past, including Chairman of Hatchtech Pty Ltd that was sold in 2015 for A$279m and was a Director of iCeutica that was sold to a US Pharma. He was also a Senator with Murdoch University and was a Director of AusBiotech Ltd.

Mrs Patrizia Derna Washer – Non-Executive Director

Patrizia holds a doctorate in microbiology from The University of Western Australia with postdoctoral experience in cancer research. She has over ten years' experience in business development managing the commercialisation of technologies from early stage R&D through to clinical development within the university and medical technology sector. Patrizia has previously worked as a clinical trial consultant for a medical device company, two medical cannabis companies and has been a board member of two medical start-up companies.

Mr Matthew Callahan – Non -Executive Director

Matthew is an experienced life sciences executive based in Philadelphia. He is the founder of Botanix Pharmaceuticals Ltd (ASX:BOT) and iCeutica Inc. – a Perth founded company that successfully developed 4 products through FDA approval and was sold to private equity investors in the USA. He has more than 20 years' legal, intellectual property and investment management experience and is also a director of Orthocell Limited (ASX:OCC).

Matthew worked as an investment director for 2 venture capital firms in life sciences and was general manager and general counsel with technology and licensing company Ipernica Limited, now Nearmap Limited (ASX:NEA), where he was responsible for licensing programs that generated more than $120,000,000 in revenue.

DIRECTORS' REPORT (CONTINUED)

Company Secretary
Mr Simon Robertson

Mr Robertson gained a Bachelor of Business from Curtin University in Western Australia and Master of Applied Finance from Macquarie University in New South Wales. Chartered Accountants Australia and New Zealand and the Governance Council of Australia. Mr Robertson currently holds the position of Company Secretary for a number of publicly listed companies and has experience in corporate finance, accounting and administration, capital raisings and ASX compliance and regulatory requirements.

Principal activities

The Company was incorporated on 19 March 2018 for the purpose of establishing a business to capture of data and the treatment of patients to transform the way cannabinoids are understood and patients are treated.

Review of operations

The Company was incorporated on 19 March 2018 for the purpose of establishing a business to capture of data and the treatment of patients to transform the way cannabinoids are understood and patients are treated. During the period and following incorporation the Company developed its business model including commencement of negotiations in relation to leasing potential clinic sites, investigation and development of data capture platforms and identification of key opinion leaders and practitioners to support its planned operations.

Significant changes in state of affairs

The Company was incorporated on 19 March 2018. Following incorporation, the Company raised $3,060,308 through the issue of shares. At 30 June 2018 the cash balance was $3,039,492.

Significant events after period end

Subsequent to year end Company entered into commercial leases on the following sites:

Site	Suite 9, Level 6, 75 Crown Street, Woolloomooloo NSW	2 McCourt Street West Leederville WA	50 Angove Street North Perth WA
Length of lease	2 Years with 3 year option to re-mew	3 Years with 3 year option to re-mew	2 Years
Yearly commitment (excluding outgoings)	$47,500	$47,600	$54,540

Other than the above there are no matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the Company in future financial periods.

DIRECTORS' REPORT (CONTINUED)

Future development, prospects and business strategy

The Company will focus on developing its business which combines the capture of data and the treatment of patients to transform the way cannabinoids are understood and patients are treated. Emerald will commence operating its own specialist clinics in cannabinoid medicine and provide franchise opportunities for providers to use the Company's proprietary software platform to gather real-world patient data on cannabinoid medicine outcomes. The Company will then combine this data with health records and published information to generate powerful data sets that provide actionable insights for physicians and drug developers. The data asset developed will ultimately be the primary source of income for the Company, generating license usage fees and royalties from third parties via a data-as-a-service offering while also improving clinical models internally.

Dividend paid and recommended

No dividends have been declared, provided for or paid in respect of the financial period ended 30 June 2018.

Meeting of Directors

There were no formal Director meetings. The business of the Company has continued by the circulation of resolutions.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial period and there were no options outstanding at the date of this report. There were no shares issued on the exercise of options during the financial period.

Indemnifying officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of the company.

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the period.

DIRECTORS' REPORT (CONTINUED)

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 7 of the financial report.

The auditor did not provide any non-audit services for the period ended 30 June 2018.

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



_____

Stewart Washer
31 October 2018

Stantons International Audit and Consulting Pty Ltd
trading as
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Chartered Accountants and Consultants

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31 October 2018

Board of Directors
Emerald Clinics Limited
14 Coogee Street
Mount Hawthorn WA 6016

Dear Directors

RE: EMERALD CLINICS LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Emerald Clinics Limited.

As Audit Director for the audit of the financial statements of Emerald Clinics Limited for the period ended 30 June 2018, 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.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

Liability limited by a scheme approved
under Professional Standards Legislation

Member of Russell Bedford International

EMERALD CLINICS LIMITED
ABN 96 625 085 734

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

	Note	30 June 2018
		$
Corporate and compliance expenses		(46,213)
Finance expenses		(15)
Other expenses		(18,112)
Total expenses		**(64,340)**
Loss before income tax expense		**(64,340)**
Income tax benefit	2	-
Loss after income tax for the period		**(64,340)**
Other Comprehensive Income for the period:		
Items that may be reclassified subsequently to profit or loss		-
Other Comprehensive income for the period, net of tax		**-**
Total Comprehensive Loss for the period		**(64,340)**

The accompanying notes form part of these financial statements

EMERALD CLINICS LIMITED
ABN 96 625 085 734

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 $
ASSETS		
Current Assets		
Cash & cash equivalents	3	3,039,492
Trade and other receivables	4	19,335
Total Current Assets		**3,058,827**
Total Assets		**3,058,827**
LIABILITIES		
Current Liabilities		
Trade and other payables	5	250,429
Total Current Liabilities		**250,429**
Total Liabilities		**250,429**
Net Assets		**2,808,398**
EQUITY		
Contributed equity	6	2,872,738
Accumulated losses		(64,340)
Total Equity		**2,808,398**

The accompanying notes form part of these financial statements

EMERALD CLINICS LIMITED
ABN 96 625 085 734

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2018

	Issued Capital $	Accumulated Losses $	Total Equity $
Balance at 19 March 2018	-	-	-
Loss after income tax for the period	-	(64,340)	(64,340)
Other comprehensive income for the period, net of tax	-	-	-
Total Comprehensive loss	-	(64,340)	(64,340)
Issue of shares	2,872,738	-	2,872,738
Balance at 30 June 2018	**2,872,738**	**(64,340)**	**2,808,398**

The accompanying notes form part of these financial statements

EMERALD CLINICS LIMITED
ABN 96 625 085 734

STATEMENT OF CASH FLOWS
FOR THE PERIOD 30 JUNE 2018

	Note	30 June 2018 $
Cash flow from operating activities		
Payments to suppliers and employees		(20,816)
Net cash used in by operating activities	7	(20,816)
Cash flow from financing activities		
Proceeds from issue of shares		3,060,308
Net cash from financing activities		3,060,308
Net increase in cash and cash equivalents		3,039,492
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	3	**3,039,492**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

Note 1: Summary of significant accounting policies

Corporate Information

Emerald Clinics Limited (the Company) is an unlisted public company limited by shares incorporated in Australia.

The nature of operations and principal activities of the Company are described in the Directors' Report.

The financial statements of the Company as at and for the period ended 30 June 2018 are presented in Australian Dollars.

Reporting Basis and Conventions

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is a for profit entity for the purposes of preparing the financial statements.

The financial report has been prepared on an accrual basis and is based on historical cost basis, except for cash flow information.

The financial report is presented in Australian dollars unless otherwise stated.

Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Accounting Policies

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with banks and highly liquid investments with original maturities of three months or less.

(b) Trade and other payables

Trade and other payables represent the liability outstanding at reporting date 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.

Note 1: Summary of significant accounting policies (continued)

(c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from 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 the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income 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 of (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

(d) Issued capital

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.

Note 1: Summary of significant accounting policies (continued)

(e) 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 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 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.

(f) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statements of financial position are stated inclusive of the amount of GST receivable or payable. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statements of financial position.

(h) Comparatives

No Comparatives are presented as it is the first financial period the Company has reported.

Note 1: Summary of significant accounting policies (continued)

(i) Critical accounting estimates and judgements

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.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

(j) New, revised or amending Accounting Standards and Interpretations not adopted

Accounting Standards 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:

- **AASB 16: *Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).**

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice.

  The main changes introduced by the new Standard are as follows:

  - recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
  - depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
  - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
  - application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
  - additional disclosure requirements.

  The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 1: Summary of significant accounting policies (continued)

(k) Application of new and revised Accounting Standards

The Company has considered the implication of new and amended Accounting Standards applicable for the annual reporting periods beginning after 1 January 2018 but determined that their application to the financial statements is either not relevant or not material.

Note 2: Income tax expense

	30 June 2018 $
(a) Income tax expense	
Current tax expense	-
Income tax expense	-
	-

(b) Reconciliation of tax expense to net profit before tax

Loss before tax	(64,340)
Tax at the statutory rate of 27.5%	(17,693)
Tax effect of:	
Non-deductible expenses/timing differences	1,864
Effect of tax losses and tax offsets not recognised as deferred tax assets	15,829
Income tax benefit	-

Tax Losses	
Unused Australian tax losses for which no tax loss has been booked as a deferred tax asset	57,561
Potential benefit at relevant income tax rate	15,829

Deferred tax assets have not been brought to account at 30 June 2018 because the directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

(i) the Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
(ii) the Entity complies with the conditions for the deductibility imposed by law including the continuity of ownership and/or business tests; and
(iii) no changes in tax legislation adversely affect the Entity in realising the benefit from the deduction for the loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

Note 3: Cash and cash equivalents

	2018 $
Cash at bank	3,039,492
Total cash and cash equivalents	**3,039,492**

Notes to the statement of cash flows:

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and at bank and deposits, net of outstanding bank overdrafts.

Note 4: Trade and other receivables

	2018 $
Current:	
GST paid	19,335
	19,335

Note 5: Trade and other payables

	2018 $
Current:	
Trade payables	242,929
Accrued expenses	7,500
	250,429

At reporting date, none of the trade creditors were past due.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

Note 6: Issued capital

(a) Issued and Paid Up Capital

	2018 Number	2018 $
Fully paid ordinary shares	**130,500,000**	**2,872,738**

(b) Movements in fully paid shares on issue

Balance as at 19 March 2018	-	-
Founder shares issued at $1.00 per share	300	300
Initial shares issued at $0.0001 per share	99,999,700	10,000
Seed capital issued at $0.10 per share	30,500,000	3,050,008
Capital raising costs	-	(187,570)
Balance as at 30 June 2018	**130,500,000**	**2,872,738**

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.

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.

Note 7: Operating Cash flow information

	30 June 2018 $
Loss for the year	(64,340)
Changes in assets and liabilities:	
(Increase) in trade and other receivables	(19,335)
Increase in trade and other payables	104,491
Net cash flows used in operations	**(20,816)**

Non-cash financing and investing activities

The Company did not engage in any non-cash financing and investing activities during the period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

Note 8: Events after reporting date

Subsequent to year end Company entered into commercial leases on the following sites:

Site	Suite 9, Level 6, 75 Crown Street, Woolloomooloo NSW	2 McCourt Street West Leederville WA	50 Angove Street North Perth WA
Length of lease	2 Years with 3 year option to re-mew	3 Years with 3 year option to re-mew	2 Years
Yearly commitment (excluding outgoings)	$47,500	$47,600	$54,540

Other than the above there are no matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the Company in future financial periods.

Note 9: Contingent liabilities

There are no contingent liabilities as at 30 June 2018.

Note 10: Company details

The registered office of the company is:
Emerald Clinics Limited
14 Coogee Street
Mt Hawthorn WA 6016

Note 11: Remuneration of Auditors

Auditor fees incurred during the financial period are as follows:

	30 June 2018 $
Audit and review services – Stantons International	7,500
	7,500

Note 12: Related party transaction

Key Management Personnel Compensation

The aggregated compensation paid to Directors and Key Management Personnel of the Company is as follows:

	2018 $
Short term employee benefits	18,500
Post-employment benefits	-
Non-monetary benefits	-
Share based payment	-
	18,500

There have been no other transactions for the period ended 30 June 2018 to related parties.

Note 13: Commitments and contingencies

At reporting date, the Company had no capital or leasing commitments.

Note 14: Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company uses different methods to measure different types of risk to which it is exposed.

Emerald's board of directors (Board) performs the duties of a risk management committee in identifying and evaluating sources of financial and other risks. The Board provides written principles for overall risk management which balance the potential adverse effects of financial risks on Emerald's financial performance and position with the "upside" potential made possible by exposure to these risks and by considering the costs and expected benefits of the various methods available to manage them.

The Company holds the following financial instruments:

	2018 $
Financial assets	
Cash and cash equivalents	3,039,492
Trade and other receivables	19,335
	3,058,827
Financial liabilities	
Trade and other payables at amortised cost	**250,429**

Note 14: Financial Risk Management (continued)

a) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above) of this note.

As at 30 June 2018, all cash and cash equivalents were held with National Australia Bank with an A (Standard and Poor's) credit rating.

b) Liquidity risk

Prudent liquidity risk management involves the maintenance of sufficient cash, committed credit facilities and access to capital markets. It is the policy of the Board to ensure that the Company is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, ensuring the Company has sufficient working capital. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows.

Contractual maturities of financial liabilities

As at the reporting date the Company had total financial liabilities of $250,429 comprised of non-interest-bearing trade creditors and accruals with a maturity of less than 6 months.

c) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and/or disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

d) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the potential return to shareholders.

EMERALD CLINICS LIMITED
ABN 96 625 085 734

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and notes set out on pages 8 to 21, and are in accordance with the *Corporations Act 2001,* including:

i. giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the period ended on that date; and

ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;

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.

c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2018.

This declaration is made in accordance with a resolution of the Directors.



Stewart Washer
Dated this 31day of October 2018

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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Australia

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMERALD CLINCIS LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Emerald Clinics Limited, which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

In our opinion:

(a) the financial report of Emerald Clinics Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the entity's financial position as at 30 June 2018 and of its performance for the period ended on that date; and

  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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 Company 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the period ended 30 June 2018, 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.

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 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 Company 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 Company or to cease operations, or has 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 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 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 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 of the entities or business activities within the Company to express an opinion on the financial report.

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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stanton International

Samir Tirodkar
Director

West Perth, Western Australia
31st October 2018