Nanoveu Limited

(ACN 624 421 085)

Annual Financial Report

for the year ended 31 December 2018

Index

Company Directory

Directors

Mr Alfred Chong
Executive Chairman

Mr Michael van Uffelen
Executive Director

Mr Steven Apedaile
Non-executive Director

Mr David Nicol
Non-executive Director

Company Secretary

Mr Michael van Uffelen

Share Registry

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Web Address

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ASX Code:

NVU

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Directors' Report

Your Directors submit the financial report of Nanoveu Limited (the Company or Nanoveu) for the year ended 31 December 2018.

1. Directors

The names of directors who held office during or since the end of the financial period and until the date of this report are as follows. Directors were in office for the entire financial period unless otherwise stated.

Name, qualifications, independence status and special responsibilities	**Experience**
Mr Alfred Chong (*BSc Comp Science, MBA)* *Executive Chairman and CEO* Appointed 14 February 2018	Alfred is the Founder of Nanoveu. He has a history of building companies and executing trade sales in California and Singapore. Alfred moved back to Asia in 1997 and was the Asia Pacific CEO for Atex Media Command, a global provider of solutions and services to the media industry; CEO for THISS Technologies Inc, a satellite communications company; CEO for 121View, a digital signage company; and CMO at 3D International before founding Nanoveu. The Singapore American Business Association in the United States named Alfred Entrepreneur of the Year and the San Francisco Chronicle named Alfred as one of the twenty foreign-born high technology "visionaries" who have helped to make the San Francisco Bay Area the world's technology centre. Alfred received both his Bachelor of Science in Computer Science and his Master's in Business Administration from the University of San Francisco. Directorships in the past 3 years: None
Mr Michael van Uffelen *(B Comm, ACA)* *Director, CFO and Company Secretary* Appointed 14 February 2018	Michael is an experienced Director, CFO and Company Secretary actively engaged in managing companies and providing corporate advisory services. Michael holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He has over 30 years company and business management experience gained with major accounting firms, an investment bank, and private and public companies, in Australia and internationally. Directorships in the past 3 years: - Dragon Energy Limited (1 January to 31 December 2015) - Tian Poh Resources Limited (31 May 2015 to present) - Anson Resources Limited (18 October 2018 to present) - Liquitab Systems Limited (15 June 2015 to 23 November 2017)
Mr Steven Apedaile (FCA) *Independent Non-executive Director* Appointed 14 May 2018	Steven has worked in the accounting profession for nearly 30 years, 25 of which were spent in Hong Kong with the first 7 years with KPMG Hong Kong and then 18 years with Horwath Hong Kong. Steven has experience in all facets of international business, corporate finance and forensic accounting services. Steven is a founding director and a former managing director of an ASX listed company and is a Fellow of the UK Institute of Chartered Accountants in England and Wales and is a Member of the Australian Institute of Company Directors. Directorships in the past 3 years: None

Directors' Report (continued)

1. Directors (continued)

Name, qualifications, independence status and special responsibilities	Experience
Mr David Nicol (BSc, MA, PhD) *Independent Non-executive Director* Appointed 17 July 2018	David is a seasoned director and advisor for technology-based companies. He currently serves on four boards, two privately held and two public, both of the latter for which he chairs the Audit Committees. David has held executive positions with three public companies - Verisign, Illuminet, and United Telecom/Sprint - and six early-stage, private companies: Strongwatch (surveillance systems), Solutionary (IT network security), Sipera (VOIP security), ITN (network signalling), International Micronet (LAN/WAN systems) and iLAN (LAN systems & consulting). He has held the positions of President, COO, CFO and EVP/SVP. Beyond P&L responsibilities, his leadership roles have included strategic planning, business development, acquisitions, business planning, operations planning, product management, product development/support, financial planning, and fund raising/IR. Earlier activities included management consulting (F100 enterprises), MBA-level business school professor and aeronautical engineering (LTV Aerospace, North Am. Aviation and Boeing). Directorships in the past 3 years: - Evolving Systems, Inc. (April 2004 to present) - CCUR Holdings, Inc. (Feb 2018 to present)

2. Directors' interests

As at the date of this report, the interests of the Directors in the Company were:

	Number of fully paid ordinary shares	Number of Performance Rights
Alfred Chong	42,832,558	200,000
Michael van Uffelen	-	500,000
Steven Apedaile	155,280	200,000
David Nicol	363,000	200,000

3. Directors' Meetings

The number of meetings of Directors held during the financial period and the number of meetings attended by each Director was as follows:

Name	Number of meeting eligible to attend	Number of meetings attended
Alfred Chong (i)	1	1
Michael van Uffelen (i)	1	1
Steven Apedaile (ii)	1	1
David Nicol (iii)	1	1

i. Appointed 14 February 2018
ii. Appointed 14 May 2018
iii. Appointed 17 July 2018

Directors' Report (continued)

4. Company Secretary

The company secretary is Michael van Uffelen. Details are disclosed in director information.

5. Dividends

No dividends have been paid or declared since the start of the financial period and the Directors do not recommend the payment of a dividend in respect of the financial period.

6. Principal Activities

Nanoveu deploys nanotechnology in vision applications for consumer devices. It is developing and commercialising nanoimprint science including use of an efficient and low-cost nanoimprint lithography manufacturing process.

The EyeFly3DTM product offers real time, affordable and easy to use 3D rendering and 2D-to-3D instant conversion of videos and photos on smartphones and tablets – without the use of 3D glasses. It uses a combination of software (application) and hardware (screen protector) to achieve these results.

Nanoveu is also developing it's complementary EyeFyx technology through its ongoing research and development program. Using the EyeFyx technology (which comprises a combination of hardware and software), the Company is working towards developing a product which aims to correct images for certain vision aberrations on high resolution digital devices, such as smartphones and tablets.

7. Operating and financial review

Operational overview – highlights

- The Company was incorporated on 14 February 2018 as Nanoveu Pty Ltd.
- On 29 June 2018 the Company converted to a public company and changed its name to Nanoveu Limited.
- Convertible notes with a face value of $1.5 million were issued. The convertible notes bore interest of 10% and were converted into ordinary shares at a discount of 35.6% of the price of shares in the initial public offering of the Company.
- $6 million was raised in an initial public offering as part of admission to the Official List of the Australian Securities Exchange, which was achieved on 30 November 2018.
- The Company acquired the business of Nanoveu Pte Ltd, a Singaporean company.
- The EyeFly3D product was rebranded.
- EyeFly3D products were launched for iPhone 6+, 7+ and 8+ model smartphones.
- Development of a vision correction product for digital displays commenced, including approval for Singapore government support of S$967,200.

Significant changes in the state of affairs

The Company was incorporated on 14 February 2018 for the purpose of listing Nanoveu Pte Ltd's (Nanoveu) business on the ASX. The Company raised $1.5 million in funding via convertible notes in a pre-IPO funding rounds and $6 million via an IPO as part of admission to the Official List of the Australian Securities Exchange, which was achieved on 30 November 2018. The convertible notes were redeemed in exchange for fully paid ordinary shares in the Company and the existing shares in Nanoveu Pte Ltd were swapped for shares in Nanoveu Limited as part of admission to the Official List of the Australian Securities Exchange.

Directors' Report (continued)

During the year ended 31 December 2018, the Company was formed by a major shareholder of Nanoveu Pte Ltd to list the Nanoveu business on the Australian Securities Exchange. As a result, the Company issued 90,584,250 shares to existing shareholders of Nanoveu Pte Ltd in exchange for all shares in Nanoveu Pte Ltd. There were no major changes to the shareholder group and the transaction did not result in any change in economic substance. Furthermore, the transaction is outside the scope of AASB3 Business Combinations since the legal acquirer does not meet the definition of a "business" as required by that standard. Accordingly, the consolidated financial statements of the Company are a continuation of Nanoveu Pte Ltd including comparative information being that of Nanoveu Pte Ltd.

There have been no other significant changes in the state of affairs of the Company to the date of this report, not otherwise disclosed in this report.

Review of financial condition

The Group reported a loss before tax from continuing operations of $1,568,309 for the year ended 31 December 2018, an increase of 156% from the prior year.

Liquidity and capital resources

The Group had $2,908,108 (2017: $70,588) cash at bank and an unrestricted term deposit of $2,000,000, maturing on 18 June 2019, as at 31 December 2018.

The consolidated cash flow statement illustrates that there was an increase in cash and cash equivalents in the year ended 31 December 2018 of $2,837,520 (2017: decrease of $158,290) arising from the issue of convertible notes of $1,500,000 and shares of $6,000,000 in an initial public offering, net of cash issue costs of $551,005, the placement of a $2,000,000 term deposit and cash used in operating activities of $2,070,402 (2017: $553,223).

Business strategies, and prospects for future financial years

While the Company's technology can be applied to virtually any digital screen, the Company is focusing on products for the global smart phone market given the volume sold annually and the embedded population. Accordingly, the Company continued commercialisation of its EyeFly3D products, and the development of a vision correction product for digital displays, EyeFyx.

EyeFly3D products are priced comparably with other smart phone screen protectors with the added advantage that when an EyeFly3D screen is used in conjunction with the EyeFly3D app that 3D content can be viewed on the device.

The Company is pursuing a dual retail and wholesale distribution strategy. Retail sales are managed directly from the EyeFly3D website for direct delivery to customers and a limited number of retail outlets have been established in shopping malls in the US. In parallel, the Company has engaged non-exclusive distributors.

8. Significant events after reporting date

150,000 options with an exercise price of $0.20 on or before 30 November 2021 which were agreed to be issued to a consultant were issued subsequent to year end.

Apart from the items above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future.

9. Likely developments and expected results of operations

The Company expects to continue commercialisation of its EyeFly3D products and development of EyeFyx, it's a vision correction product for digital displays.

Directors' Report (continued)

10. Environmental legislation

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

11. Share options

2018

The following options were issued during 2018 and up to the date of this report:

Expiry Date	Exercise Price	Number Issued	Number Exercised	Number Remaining
9 Jan 2020 (i)	0.016 cents	750,000	(750,000)	-
13 Feb 2020 (i)	0.016 cents	1,437,500	(1,437,500)	-
16 Nov 2021 (ii)	20 cents	2,081,328	-	2,081,328
30 Nov 2021 (ii) (iii)	20 cents	150,000	-	150,000

(i) 35,000 (before a 62.5 for 1 share split) options with an exercise price of S$0.001 each were granted to directors, employees and advisors of Nanoveu Pte Ltd. This equates to 2,187,500 shares in Nanoveu Limited post share swap for Nanoveu Limited shares. All options were exercised during the year.

(ii) 1,500,000 options were issued to the joint lead managers of the initial public offering and 581,328 options were issued to an employee and consultants as part of their remuneration. None of these options have been exercised.

(iii) 150,000 options agreed to be issued to a consultant were issued subsequent to year end were accounted for during the 2018 year. See note 23 for further details.

2017

No options were issued during 2017.

Options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Since the end of the financial period the Company has not issued any Shares as a result of the exercise of Options.

12. Performance rights

2018

1,100,000 performance rights were issued to directors of the Company during 2018. The vesting of the Performance Rights is subject to the following milestones:

i. the successful listing of the Company's Shares on the official list of the ASX (Listing) simultaneous with completion of the Company's acquisition of 100% of the issued share capital of Nanoveu Pte Ltd (Singapore Registration No. 201228747G); and

ii. continuous service of the Holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, for a period of two (2) years following the date of Listing.

Directors' Report (continued)

Any unvested Performance Rights will lapse 7 years after their date of issue. No Performance Rights vested during the period.

As at 31 December 2018, the first milestone of the Performance Rights had been achieved.

2017
No performance rights were issued during 2017.

13. Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors and executive officers against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

14. Auditor Independence and Non-Audit Services

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

15. Non-Audit Services

The directors are of the opinion that the services as disclosed in Note 22 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

16. Proceedings on Behalf of the Company

There are no proceedings on behalf of the Company under section 237 of the Corporations Act 2001 in the financial period or at the date of this report.

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF NANOVEU LIMITED

As lead auditor of Nanoveu Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Nanoveu Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 28 February 2019

Directors' Report (continued)

Remuneration report (audited)

This remuneration report for the financial year ended 31 December 2018 outlines remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and including the executives receiving the highest remuneration.

For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors and senior management and the term "director" refers to non-executive directors only.

Individual key management personnel disclosures

Details of KMPs of the Company are set out below:

Key management personnel

(i) Directors

Mr Alfred Chong	Executive Chairman and CEO, appointed 14 February 2018
Mr Michael van Uffelen	Director, CFO and Company Secretary, appointed 14 February 2018
Mr Steven Apedaile	Non-Executive Director, appointed 14 May 2018
Mr David Nicol	Non-Executive Director, appointed 17 July 2018

(ii) Executives

Mr David Symons	COO, appointed 14 February 2018

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration

B. Details of remuneration

C. Service agreements

D. Share-based compensation

E. Option holdings of key management personnel

F. Performance Rights holdings of key management personnel

G. Share holdings of key management personnel

H. Other transactions and balances with key management personnel

Directors' Report (continued)

Remuneration report (audited) (continued)

A. Principles used to determine the nature and amount of remuneration

Remuneration philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its compensation framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Establish appropriate, demanding performance hurdles in relation to variable executive compensation

Remuneration consists of fixed remuneration and variable remuneration.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board of Directors. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices.

Variable Remuneration

The Group currently has a discretionary variable component to the remuneration of the board and management and intends to introduce a structured variable remuneration plan in the near future.

Remuneration Reviews

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and all other key management personnel.

The Board of Directors assesses the appropriateness of the nature and amount of compensation of key management personnel on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team.

Remuneration structure

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

Non-executive Director Remuneration

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

The Constitution specifies that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Non-executive directors receive a fee for being a director of the Company. The compensation of non-executive directors for the year ended 31 December 2018 is detailed below.

The total maximum remuneration of non-executive directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, and the Corporations Act, as applicable. The determination of non-executive directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions of each non-executive Director. This amount has been set at an amount not to exceed $300,000 per annum.

Directors' Report (continued)

Remuneration report (audited) (continued)

Non-executive Director Remuneration (continued)

In addition, a director may be paid fees or other amounts and non-cash performance incentive such as options and performance rights, subject to necessary shareholder approval, where a director performs special duties or otherwise performs services outside the scope of the ordinary duties of a director.

Directors are also entitled to be reimbursed reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors.

Director Remuneration

Remuneration of each director has been set at $48,000 per annum plus superannuation of 9.5% which commenced being paid from admission to the Official List of the Australian Securities exchange. In addition, directors are offered performance rights for their services without cash remuneration prior to admission to the Official List of the Australian Securities exchange.

Remuneration for executive roles are separate and in addition to remuneration as a director. Accordingly, executive directors have a director contract and a separate contract for their executive services.

Senior Manager and Executive Director remuneration

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company, business unit and individual performance against targets set to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Compensation consists of the following key elements:

- Fixed Compensation; and
- Variable Compensation.

The proportion of fixed compensation and variable compensation (potential short term and long term incentives) is established for each key management person by the Directors.

Fixed Compensation

Objective

Fixed compensation is reviewed annually by the Directors. The process consists of a review of individual performance, relevant comparative compensation in the market and internally and, where appropriate, external advice on policies and practices. This review is based on a calendar year cycle and is typically performed in December / January.

Structure

Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans.

Directors' Report (continued)

Remuneration report (audited) (continued)

Variable Compensation

Objective

The objective of the Variable Compensation is to reward executives in a manner that aligns this element of compensation with the creation of shareholder wealth.

Structure

The Group currently has a discretionary variable component to the remuneration of the board and management and intends to introduce a structured variable remuneration plan in the near future.

Use of remuneration consultants

The Group did not use the services of remuneration consultants.

Objective of the remuneration committee

The Group did not have a remuneration committee during the period.

Overview of Group performance

The performance of the Group is detailed in the Directors' Report.

The Group currently has a discretionary variable component to the remuneration of the board and management and intends to introduce a structured variable remuneration plan in the near future.

B. Details of remuneration

Year ended 31 December 2018

Directors	**Salary, fees & commissions**	**Bonus (iii)**	**Non-monetary benefits (iv)**	**Post employ-ment benefits**	**Share-based payments**	**Total**	**Perform-ance Related**
Executive							
Mr Alfred Chong	168,358	12,500	6,069	9,985	9,935	206,847	22,435
Mr Michael van Uffelen (i)	52,166	6,000	1,862	393	24,939	85,360	30,939
Non-executive							
Mr Steven Apedaile (ii)	4,133	-	144	393	9,935	14,605	9,935
Mr David Nicol	4,133	-	144	393	9,935	14,605	9,935
Total Directors	**228,790**	**18,500**	**8,219**	**11,164**	**54,744**	**321,417**	**73,244**
Other KPMs							
Mr David Symons (v)	210,522	5,000	7,252	12,542	83,568	318,884	172,214
Total Other KPMs	**210,522**	**5,000**	**7,252**	**12,542**	**83,568**	**318,884**	**172,214**
Total KMPs	**439,312**	**23,500**	**15,471**	**23,706**	**138,312**	**640,301**	**245,458**

Compensation is stated on an accruals basis.

(i) Includes remuneration via Black Tourmaline Consulting, a business in which he holds a beneficial interest.

(ii) Includes remuneration via Apedaile Nominees Pty Ltd, an business in which he holds a benefical interest.

(iii) Discretionary bonuses.

(iv) Comprises of directors and officers insurance.

(v) Mr Symons was paid a commission of $80,475.

Directors' Report (continued)

Remuneration report (audited) (continued)

14 month period ended 31 December 2017

Directors	Salary & Fees	Non-monetary benefits	Post employ-ment benefits	Share-based payments	Total	Performance Related
Executive						
Mr Alfred Chong	107,820	-	11,213	-	119,033	-
Total Directors	**107,820**	**-**	**11,213**	**-**	**119,033**	**-**
Other KMPs						
Mr David Symons	46,962	-	15,050	-	62,012	-
Total Other KMPs	**46,962**	**-**	**15,050**	**-**	**62,012**	**-**
Total KMPs	**154,782**	**-**	**26,263**	**-**	**181,045**	**-**

C. Service agreements

Agreements with Executives

Alfred Chong – Executive Chairman

The Company has entered into an executive services agreement (Executive Services Agreement) with Mr Chong dated 15 May 2018, pursuant to which the Company has engaged Mr Chong as Executive Chairman and Chief Executive Officer. The material terms and conditions of the Executive Services Agreement are summarised below:

(a) Term: The Executive Services Agreement commenced on 1 June 2018 and replaced an earlier agreement dated 1 February 2013 and continues until terminated in accordance with its terms.

(b) Remuneration: Mr Chong will receive from the commencement of his appointment, a salary of approximately S$150,000 per annum plus the Singaporean Central Provident Fund contribution and a travel allowance of S$12,000 per annum.

(c) Incentive Programs: In addition to the Performance Rights he will receive on completion of the Offer, Mr Chong may participate in any incentive plan that the Company may introduce from time to time.

(d) Termination: The Company may immediately terminate the employment of Mr Chong by written notice for a number of standard events including, but not limited to, if at any time Mr Chong:

    (i) commits a serious or repeated or continual breach of the obligations under the Executive Services Agreement;

    (ii) is guilty of any serious misconduct or serious neglect or dishonesty in the discharge of his duties under the Executive Services Agreement; or

    (iii) acts in a manner which, in the reasonable opinion of the Company, brings the name or reputation of the Company or any member of the Company into serious disrepute or prejudices the interests of the business of the Company.

    The Company or Mr Chong may terminate the Executive Services Agreement for any reason by giving 6 months' written notice.

The Executive Services Agreement contains other standard terms and conditions expected to be included in contracts of this nature.

Directors' Report (continued)

Remuneration report (audited) (continued)

Michael van Uffelen – Director, CFO and Company Secretary

The Company has entered into a consulting agreement (Consulting Agreement) with Black Tourmaline Pty Ltd ATF Black Tourmaline Consulting (Black Tourmaline Consulting), an entity controlled by Mr van Uffelen and in which he has a beneficial interest, pursuant to which the Company has engaged Mr van Uffelen to act as Chief Financial Officer and Company Secretary. The material terms and conditions of the Executive Services Agreement are summarised below:

(a) Term: The Executive Services Agreement commenced on 1 May 2018 and continues until terminated in accordance with its terms.

(b) Remuneration: Black Tourmaline Consulting will receive from 1 May 2018 a fee of $6,000 per month, plus GST.

(c) Incentive Programs: Black Tourmaline Consulting may participate in any incentive plan that the Company may introduce from time to time.

(d) Termination: The Company or Black Tourmaline Consulting may terminate the Consulting Agreement for any reason by giving 3 months' written notice.

The Consulting Agreement contains other standard terms and conditions expected to be included in contracts of this nature.

David Symons – Chief Operating Officer

The Company has entered into an executive services agreement (Executive Services Agreement) with Mr Symons dated 15 May 2018, pursuant to which the Company has engaged Mr Symons as Chief Operating Officer. The material terms and conditions of the Executive Services Agreement are summarised below:

(a) Term: The Executive Services Agreement commenced on 1 June 2018 and replaced an earlier agreement dated 29 May 2017 and continues until terminated in accordance with its terms.

(b) Remuneration: Mr Symons will receive from the commencement of his appointment, a salary of approximately S$120,000 per annum plus the Singaporean Central Provident Fund contribution and a travel allowance of S$12,000 per annum.

(c) Incentive Programs: In addition to the Performance Rights he may participate in any incentive plan that the Company may introduce from time to time.

(d) Termination: The Company may immediately terminate the employment of Mr Symons by written notice for a number of standard events including, but not limited to, if at any time Mr Chong:

    (i) commits a serious or repeated or continual breach of the obligations under the Executive Services Agreement;

    (ii) is guilty of any serious misconduct or serious neglect or dishonesty in the discharge of his duties under the Executive Services Agreement; or

    (iii) acts in a manner which, in the reasonable opinion of the Company, brings the name or reputation of the Company or any member of the Company into serious disrepute or prejudices the interests of the business of the Company.

    The Company or Mr Symons may terminate the Executive Services Agreement for any reason by giving 3 months' written notice.

The Executive Services Agreement contains other standard terms and conditions expected to be included in contracts of this nature.

Directors' Report (continued)

Remuneration report (audited) (continued)

Agreements with all directors

The Company has entered into agreements will all directors. The material terms of the agreement are as follows:

(a) Director's fees: director's fees at the rate of $48,000 per annum plus superannuation together with reimbursement for out of pocket expenses incurred as a result of engagement as a director.

(b) Termination: Non-Executive Directors may retire at any time and are subject to re-election at the annual general meeting of shareholders in accordance with the Company's policy of at least one third of the Non-Executive Directors being nominated for re-election each year based on the Company's rotation schedule.

D. Share-based compensation

Compensation shares, options and performance rights - granted and vested during the financial period

2018

35,000 (before a 62.5 for 1 share split) options with an exercise price of S$0.001 each were granted to directors, employees and advisors of Nanoveu Pte Ltd. This equates to 2,187,500 shares in Nanoveu Limited post share swap for Nanoveu Limited shares.

1,100,000 performance rights were issued to directors of the Company during 2018. The vesting of the Performance Rights is subject to the following milestones:

i. the successful listing of the Company's Shares on the official list of the ASX (Listing) simultaneous with completion of the Company's acquisition of 100% of the issued share capital of Nanoveu Pte Ltd (Singapore Registration No. 201228747G); and

ii. continuous service of the Holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, for a period of two (2) years following the date of Listing.

Any unvested Performance Rights will lapse 7 years after their date of issue.

As at 31 December 2018, the first milestone of the Performance Rights had been achieved.

2017

No shares nor options were granted as compensation during the year ended 31 December 2017.

Value of shares, options and performance rights awarded, exercised and lapsed during the year

2018

The 35,000 (before a 62.5 for 1 share split) options with an exercise price of S$0.001 granted to directors, employees and advisors of Nanoveu Pte Ltd were exercised during the year. As the options issued were 'in-the-money' they were valued at the price of the most recent capital raising less the exercise price.

No Performance Rights vested during the year. Performance Rights were valued at the IPO price of $0.20, being the first vesting hurdle.

2017

No shares nor options were granted as compensation during the year ended 31 December 2017.

Refer to Note 7 for the valuation methods used for share-based consideration.

Directors' Report (continued)

Remuneration report (audited) (continued)

E. Option holdings of key management personnel

31 December 2018	Balance at start of the financial period	Granted as remuneration	Exercised	Net change other	Balance at the end of financial period	Vested and exercisable
Directors						
Mr Alfred Chong	-	-	-	-	-	-
Mr Michael van Uffelen	-	-	-	-	-	-
Mr Steven Apedaile	-	-	-	-	-	-
Mr David Nicol	-	-	-	-	-	-
Total Directors	**-**	**-**	**-**	**-**	**-**	**-**
Other KMPs						
Mr David Symons (i)	-	625,000	(625,000)	-	-	-
Total Other KMP	**-**	**625,000**	**(625,000)**	**-**	**-**	**-**
Total KMP	**-**	**625,000**	**(625,000)**	**-**	**-**	**-**

(i) 10,000 options with an exercised price of S$0.01 were issued to Mr Symons and were exercised during the year. The number of options presented has been adjusted for a 62.5 for 1 share split.

No options were in place in 2017.

F. Performance Rights holdings of key management personnel

31 December 2018	Balance at start of the financial period	Granted as remuneration	Performance hurdle achieved	Net change other	Balance at the end of financial period	Vested and exercisable
Directors						
Mr Alfred Chong	-	200,000	-	-	200,000	-
Mr Michael van Uffelen	-	500,000	-	-	500,000	-
Mr Steven Apedaile	-	200,000	-	-	200,000	-
Mr David Nicol	-	200,000	-	-	200,000	-
Total Directors	**-**	**1,100,000**	**-**	**-**	**1,100,000**	**-**
Other KMPs						
Mr David Symons	-	-	-	-	-	-
Total Other KMP	**-**	**-**	**-**	**-**	**-**	**-**
Total KMP	**-**	**1,100,000**	**-**	**-**	**1,100,000**	**-**

No performance rights were in place in 2017.

Directors' Report (continued)

Remuneration report (audited) (continued)

G. Share holdings of key management personnel

31 December 2018	Balance at start of the financial period (i)	Granted as remuneration	On exercise of options	Acquisitions /(Disposals)	Balance at the end of financial period	Vested and exercisable
Directors						
Mr Alfred Chong	42,694,125	-	-	138,433	42,832,558	42,832,558
Mr Michael van Uffelen	-	-	-	-	-	-
Mr Steven Apedaile	-	-	-	155,280	155,280	155,280
Mr David Nicol	-	-	-	363,000	363,000	363,000
Total Directors	**42,694,125**	**-**	**-**	**656,713**	**43,350,838**	**43,350,838**
Other KMPs						
Mr David Symons (i)	-	-	625,000	-	625,000	625,000
Total Other KMPs	**-**	**-**	**625,000**	**-**	**625,000**	**625,000**
Total KMP	**42,694,125**	**-**	**625,000**	**656,713**	**43,975,838**	**43,975,838**

(i) Adjusted for 62.5 for 1 share split

31 December 2017 (i)	Balance at start of the financial period	Granted as remuneration	On exercise of options	Acquisitions /(Disposals)	Balance at the end of financial period	Vested and exercisable
Directors						
Mr Alfred Chong	42,694,125	-	-	-	42,694,125	42,694,125
Mr Michael van Uffelen	-	-	-	-	-	-
Mr Steven Apedaile	-	-	-	-	-	-
Mr David Nicol	-	-	-	-	-	-
Total Directors	**42,694,125**	**-**	**-**	**-**	**42,694,125**	**42,694,125**
Other KMPs						
Mr David Symons	-	-	-	-	-	-
Total Other KMPs	**-**	**-**	**-**	**-**	**-**	**-**
Total KMP	**42,694,125**	**-**	**-**	**-**	**42,694,125**	**42,694,125**

(i) Adjusted for 62.5 for 1 share split

H. Other transactions and balances with Key Management Personnel

Mr Apedaile through, through Apedaile Nominees Pty Limited, a business in which he holds a beneficial interest, invested $20,000 in the convertible notes issued by the Company. This converted into 155,280 shares in the Company and attracted interest of $881 interest.

Apart from the above item and reimbursements for expenses paid on behalf of the Company, director and fees paid directly or indirectly to director related entities, there were no transactions or balances with KMP during the year ended 31 December 2018.

END OF THE REMUNERATION REPORT

Signed in accordance with a resolution of the Directors:

Alfred Chong

Executive Chairman and CEO

Singapore, 28 February 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		$	$
Revenue from contracts with customers	6	20,808	4,176
Revenue		**20,808**	**4,176**
Cost of sale of goods	11	(50,068)	(14,457)
Gross profit (loss)		**(29,260)**	**(10,281)**
Other operating income	6	46,120	29,498
Selling and distribution expenses	6	(159,561)	(70,740)
Administration expenses	6	(822,753)	(546,793)
Research and development costs	6	(223,808)	-
Share based payment expense	7	(331,655)	-
Other operating expenses	6	(51,907)	(14,400)
Operating profit (loss)		**(1,572,824)**	**(612,716)**
Finance income	6	4,515	-
(Loss) before income tax		**(1,568,309)**	**(612,716)**
Income tax expense	8	-	-
(Loss) for the year		**(1,568,309)**	**(612,716)**
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss:			
- Currency translation differences arising from consolidation		71,074	2,140
		71,074	2,140
Total comprehensive (loss) for the year		**(1,497,235)**	**(610,576)**
Loss per share – basic and diluted	5	(1.6)	(0.7)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018	2017
		$	$
CURRENT ASSETS			
Cash and cash equivalents	9	2,908,108	70,588
Other receivables	10	2,222,333	13,452
Inventories	11	47,282	49,221
Right of use asset	12	27,211	-
Total Current Assets		**5,204,934**	**133,261**
NON-CURRENT ASSETS			
Plant and equipment		47,299	7,869
Intangible assets	13	162,870	209,095
Right of use asset	12	43,084	-
Total Non-current Assets		**253,253**	**216,964**
TOTAL ASSETS		**5,458,187**	**350,225**
CURRENT LIABILITIES			
Trade and other payables	14	193,578	59,428
Lease liability	12	27,211	-
Provisions		10,227	-
Total Current Liabilities		**231,016**	**59,428**
NON-CURRENT LIABILITIES			
Lease liability	12	43,084	-
Total Non-current Liabilities		**43,084**	**-**
TOTAL LIABILITIES		**274,100**	**59,428**
NET ASSETS		**5,184,087**	**290,797**
EQUITY			
Issued capital	16	13,372,408	5,534,836
Accumulated losses		(6,813,697)	(5,245,388)
Reserves		(1,374,624)	1,349
TOTAL EQUITY		**5,184,087**	**290,797**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Cash flows from Operating Activities			
Receipts from customers		20,808	4,176
Government grant received		23,907	-
Payments to suppliers and employees		(2,041,106)	(557,399)
Interest received		1,543	-
Interest paid	15	(75,554)	-
Net cash (used in) operating activities	9(b)	**(2,070,402)**	**(553,223)**
Cash Flows from Investing Activities			
Purchase of plant and equipment		(52,218)	(2,382)
Term deposit placed		(2,000,000)	19,264
Purchase of intangible assets		-	(5,269)
Net effect of capital restructure	2.2	11,145	-
Net cash (used in) / investing activities		**(2,041,073)**	**11,533**
Cash Flows from Financing Activities			
Proceeds from the issuance of shares	16	6,000,000	383,400
Issue of convertible notes	15	1,500,000	-
Share issue expenses		(551,005)	-
Net cash (used in) / provided by financing activities		**6,948,995**	**383,400**
Net increase (decrease) in cash held		2,837,520	(158,290)
Cash at the beginning of the financial period		70,588	228,878
Cash at the end of the financial period	9	**2,908,108**	**70,588**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Accumulated Losses	Common Control Reserve	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$	$
Balance at 1 November 2016	5,151,436	(4,632,672)	-	-	(791)	517,973
Loss for the year	-	(612,716)	-	-	2,140	(610,576)
Total comprehensive loss for the year	-	(612,716)	-	-	2,140	(610,576)
Transactions with owners in their capacity as owners:						
Shares issued	383,400	-	-	-	-	383,400
Balance at 31 December 2017	**5,534,836**	**(5,245,388)**	**-**	**-**	**1,349**	**290,797**
Balance at 1 January 2018	5,534,836	(5,245,388)	-	-	1,349	290,797
Loss for the year	-	(1,568,309)	-	-	71,074	(1,497,235)
Total comprehensive loss for the year	-	(1,568,309)	-	-	71,074	(1,497,235)
Transactions with owners in their capacity as owners:						
Transactions under common control (i)	-	-	(1,710,087)	-	-	(1,710,087)
Shares issued on exercise of options	272,602	-	-	-	-	272,602
Shares issued in an IPO	6,000,000	-	-	-	-	6,000,000
Conversion of convertible notes	2,329,191	-	-	-	-	2,329,191
Share issue expenses	(824,221)	-	-	-	-	(824,221)
Share based payments	60,000	-	-	263,040	-	323,040
Balance at 31 December 2018	**13,372,408**	**(6,813,697)**	**(1,710,087)**	**263,040**	**72,423**	**5,184,087**

The above Consolidated Statement of Statement of Changes in Equity should be read in conjunction with the accompanying notes

(i) As a result of the capital reorganisation an equity account called 'Common Control Reserve' exists. This equity account represents the carrying value of the net liabilities of Nanoveu Limited prior to the date of completion of the capital reorganisation. See Note 2.2 for further details.

1. CORPORATE INFORMATION

The consolidated financial statements of Nanoveu Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 28 February 2019. Nanoveu Limited (the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activity of the Company was the deployment of nanotechnology in vision applications for consumer devices.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of the financial report

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Nanoveu Limited is a for profit entity for the purposes of preparing the financial statements.

2.2 Basis of Measurement and Reporting Conventions Including Capital Reorganisation

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. The amounts presented in the financial statements have been rounded off to the nearest dollar unless stated otherwise.

On 14 February 2018, the Company was formed by major shareholders of Nanoveu Pte Ltd to list the Nanoveu business on the Australian Securities Exchange. As a result, the Company issued 90,584,250 shares to existing shareholders of Nanoveu Pte Ltd in exchange for all shares in Nanoveu Pte Ltd. There were no major changes to the shareholder group and the transaction does not result in any change in economic substance. Furthermore, the transaction is outside the scope of AASB3 Business Combinations since the Company does not meet the definition of a "business" as required by that standard. Accordingly, the consolidated financial statements of the Company are a continuation of Nanoveu Pte Ltd including comparative information being that of Nanoveu Pte Ltd.

Consequently, this report presents:

- the results of Nanoveu Singapore for the period from 1 January 2018 to 15 November 2018;
- the results of the consolidated Group for the period from 16 November 2018 to 31 December 2018; and
- the consolidated Group position as at 31 December 2018.

The comparative financial information included in the Company's financial statements is that of Nanoveu Singapore, not the Company. However, the capital structure of the legal acquirer, the Company is adopted in the financial report.

The accounting policies adopted are consistent with the accounting policies adopted in Nanoveu Singapore's last annual financial statements for the year ended 31 December 2017 except for the adoption of new and amended standards adopted by the Group. Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Common Control Entity

On 16 November 2018, the Company completed a transaction with the shareholders of Nanoveu Pte Ltd (Singapore) under common control to acquire 100% of the share capital in Nanoveu Pte Ltd in exchange for 90,584,250 ordinary shares in the Company.

2.2 Basis of Measurement and Reporting Conventions Including Capital Reorganisation (continued)

Refer to Note 3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty for further information.

As at the date of capital reorganisation, the assets and liabilities of the Company were as follows:

	$
Assets and Liabilities at Acquisition Date	
Cash and cash equivalents	11,145
Other current assets	366
Intercompany loan receivable	810,149
Trade and other payables	(126,274)
Convertible loans	(2,405,473)
Net assets/(liabilities) of Nanoveu Limited at capital reorganisation date	(1,710,087)
Predecessor Accounting Reserve	
Net assets/(liabilities) of Nanoveu Limited at capital reorganisation date	(1,710,087)
Predecessor Accounting Reserve	(1,710,087)

2.3 Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

2.4 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

2.4 Basis of Consolidation (continued)

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Summary of Significant Accounting Policies

(a) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

(b) Fair value of assets and liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

2.5 Summary of Significant Accounting Policies (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques
In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value; or
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy
Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

2.5 Summary of Significant Accounting Policies (continued)

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(a) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
(b) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(c) Revenue recognition

Revenue is recognised on the sale of products. Revenue recognised is subject to the reversal constraint and is only recognised to the extent that it is highly probably of not reversing. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods
Revenue from sale of goods is recognised when control of the goods has passed to the customer.

Interest income
Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(d) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

2.5 Summary of Significant Accounting Policies (continued)

(e) Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by reporting date.

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

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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 credits and unused tax losses can be utilised, except:

- when 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; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting 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.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

2.5 Summary of Significant Accounting Policies (continued)

(f) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax ('GST') except:

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

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

(g) Foreign currency translation

The financial report is presented in Australian dollars, which is the Group's presentation and functional currency. The functional currency of the subsidiaries are United States and Singapore Dollars. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot dates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

2.5 Summary of Significant Accounting Policies (continued)

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(h) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(i) Trade and other receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business. Trade receivables are measured at the amount of consideration that is unconditional. The Group holds trade receivables with the objective to collect the contractual cash flows and measures them at amortised cost.

The Group will apply the simplified impairment methodology permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis; and
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course

(k) Plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Office equipment 3 years
- Plant, machinery and equipment 3 years
- Furniture and fittings 3 years
- Computers 3 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5 Summary of Significant Accounting Policies (continued)

(l) Intangible assets

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

Patents and trademarks

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life of 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

The Group's intangible assets represent licences to use patents, trademarks and associated costs and are amortised over the remaining life on a straight-line basis.

(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.5 Summary of Significant Accounting Policies (continued)

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating long service leave are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(p) Share-based payment transactions

The Group provides benefits to employees (including senior executives) and consultants of the Group in the form of share-based payments, whereby employees and consultants render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and consultants are measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

2.5 Summary of Significant Accounting Policies (continued)

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(q) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

(r) 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.

2.5 Summary of Significant Accounting Policies (continued)

(s) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(t) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2.5 Summary of Significant Accounting Policies (continued)

(u) Segment Reporting

The Group intends to operate predominantly in the vision correction market for digital screen. For management purposes, the Company is organised geographically into two operating segments being the Americas and the Rest of the World, plus Head Office. All of the Company's activities are inter-related and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole.

2.6 Changes in Accounting Policies and Disclosures

<u>New, revised or amending Accounting Standards and Interpretations adopted</u>

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following new standards resulted in a change to the Group's accounting policies as follows:

- AASB 15 Revenue from Contract with Customers

  The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under AASB 15 an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. There is no impact on the Group for the year ended 31 December 2018.

- AASB 9 Financial Instruments

  AASB 9 introduces an expected credit loss model for impairment of financial assets which replaces the incurred loss model. A simplified impairment model applies to trade receivables with maturities of 12 months or less. There is no impact on the Group for the year ended 31 December 2018.

- AASB 16 Leases

  Adoption of AASB 16 Leases has resulted in the office premises lease in Singapore being recognised on balance sheet.

  The Group has applied AASB16 Leases from 1 January 2018. Adoption of AASB16 Leases has not given rise to transitional adjustments.

<u>New standards and interpretations not yet adopted</u>

There are no standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on future transactions.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Share-based payment transactions:

The Group measures the cost of equity-settled share-based payments which are performance shares at fair value at the grant date based on the expected issue price of the securities upon admission to the Official List of the Australian Securities Exchange.

The Group measures the cost of equity-settled share-based payments which are options at fair value at the grant date using an option pricing model, taking into account the terms and conditions upon which the instruments were granted. The fair value is determined by a valuation using a Black Scholes Option Pricing Model, using the assumptions detailed in Note 7.

Development costs

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2018, the carrying amount of capitalised development costs was nil (2017: nil).

Capital Reorganisation

A capital reorganisation during the year resulted in 100% of the issued capital of Nanoveu Pte Ltd being owned by Company, by way of issuing 90,584,250 shares to existing shareholders of Nanoveu Pte Ltd in exchange for all shares in Nanoveu Ptd Ltd, has been determined by management to be a capital reorganisation as the transaction does not meet the definition of a business. Capital reorganisation transactions are a complex accounting area because there are no specific applicable accounting standards to these type of transactions. In the absence of specific guidance, management has used the guidance in AASB108 'Accounting Policies, Change in Accounting Estimates and Errors (para 10) whereby management have used its judgement in developing and applying a relevant and reliable accounting policy using pre-combination book values to account for this transaction as no substantive economic change has occurred. Refer to Note 2.2 for addition information.

4. SEGMENT REPORTING

The Group predominantly deploys nanotechnology in vision applications for consumer devices industry. For management purposes, the Group is organised into business units based on its services and has three reportable segments, as follows:

- Americas;
- rest of the world; and
- corporate and head office.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Also, the Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Year Ended 31 December 2018	**Americas**	**Rest of the World**	**Corporate and Head Office**	**Total Segments**	**Adjustments and Eliminations**	**Consolidated**
Revenue						
External customers	6,461	13,448	-	19,909	899	20,808
Inter-segment	-	9,349	-	9,349	(9,349)	-
Total revenue (i)	6,461	22,797	-	29,258	(8,450)	20,808
Income/(expenses)						
Depreciation and amortisation	-	(60,429)	-	(60,429)	-	(60,429)
Segment profit/(loss)	(123,695)	(1,240,304)	(204,310)	(1,568,309)	-	(1,568,309)
Total assets	15,539	687,192	4,755,456	5,458,187	-	5,458,187
Total liabilities	(1,417)	(237,931)	(34,752)	(274,100)	-	(274,100)

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

14 Months to 31 December 2017	**Americas**	**Rest of the World**	**Corporate and Head Office**	**Total Segments**	**Adjustments and Eliminations**	**Consolidated**
Revenue						
External customers	-	4,176	-	4,176	-	4,176
Inter-segment		-		-	-	-
Total revenue	-	4,176	-	4,176	-	4,176
Income/(expenses)						
Depreciation and amortisation	-	(159,156)	-	(159,156)	-	(159,156)
Segment profit/(loss)	-	(612,715)	-	(612,715)	-	(612,715)
Total assets	-	350,225	-	350,225	-	350,225
Total liabilities (i)	-	(59,428)	-	(59,428)	-	(59,428)

Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Current taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis. Inter-segment revenues are eliminated on consolidation.

(i) Revenue is recognised at a point in time.

5. LOSS PER SHARE

	2018	2017
	$	$
Basic and diluted loss per share (cents per share)	(1.6)	(0.7)

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Loss for the year	(1,568,309)	(612,716)
Weighted average number of shares outstanding during the year used in the calculations of basic loss per share:	95,337,199	88,396,750

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

6. RESULT FOR THE PERIOD

	2018	2017
	$	$
Revenue from contracts with customers		
Sale of goods	20,808	4,176
	20,808	4,176
Other operating income		
Waiver of trade payable	22,213	29,498
Government grant	23,907	-
	46,120	29,498
Selling and distribution expenses		
Advertising and marketing	16,038	70,740
Employee expenses	117,049	-
Industry shows	10,009	-
Website	6,202	-
Sundry expenses	10,263	-
	159,561	70,740
Administration expenses		
Audit fees	35,909	-
Consulting fees	22,967	10,011
Depreciation and amortisation	60,429	159,165
Directors' remuneration	210,421	114,071
Employee expenses	214,727	167,708
Investor relations	46,600	-
Legal fees	54,240	13,420
Office rental	32,825	-
Travel expenses	96,861	38,662
Sundry expenses	47,794	43,756
	822,753	546,793
Research and development costs		
Development costs	223,808	-
	223,808	-

6. RESULT FOR THE PERIOD (continued)

	2018	2017
	$	$
Other operating expenses		
Unrecoverable GST	46,686	-
Bad debts written off	-	14,400
Other	5,221	-
	51,907	14,400
Finance income		
Interest income	4,515	-
	4,515	-

7. SHARE BASED PAYMENTS

(a) Performance Rights

During the period, 1,100,000 Performance Rights were issued for nil cash consideration to Key Management Personnel.

1,100,000 performance rights were issued to directors of the Company during 2018. The vesting of the Performance Rights is subject to the following milestones:

i. the successful listing of the Company's Shares on the official list of the ASX (Listing) simultaneous with completion of the Company's acquisition of 100% of the issued share capital of Nanoveu Pte Ltd (Singapore Registration No. 201228747G); and

ii. continuous service of the Holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, for a period of two (2) years following the date of Listing.

Any unvested Performance Rights will lapse 7 years after their date of issue.

No Performance Rights vested during the period.

(b) Valuation of Performance Rights

Performance Rights are valued at the value of a share in the Company pursuant to a prospectus the Company is preparing to seek admission to the Official List of the Australian Securities Exchange.

The fair value of Performance Rights is recognised as an expense over the period from grant to vesting date assuming the performance hurdle has been achieved.

The amount recognised as part of employee benefits expense for Performance Rights issued during the year was $38,388. Note this amount differs to the Remuneration Report which is presented on a legal entity basis rather than the accounting basis which excludes the costs of Nanoveu Limited prior to 16 November 2018.

The following table lists the assumptions to the model used to value performance rights for the year ended 31 December 2018.

Number Issued	Grant Date	Assumed Stock Price at Grant Date (cents)	Issue Price (cents)	Value Per Performance Share (cents)
900,000	14/5/18	20	nil	20
200,000	31/7/18	20	nil	20

7. SHARE BASED PAYMENTS (continued)

The performance share options do not have a fixed expiry date. The date at which the performance hurdle is assumed to be achieved has been estimated based on the target date for the performance hurdle to be achieved.

(c) Options

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued as compensation during the year:

	2018 No	2018 Weighted average exercise price	2017 No	2017 Weighted average exercise price
Outstanding at the beginning of the year	-	-	-	-
Granted during the year (i) (ii) (iii)	4,418,828	10.6 cents	-	-
Forfeited during the year	-	-	-	-
Exercised during the year (i)	(2,187,500)	0.016 cents	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,231,328	20 cents	-	-
Exercisable at the end of the year	2,231,328	20 cents	-	-

i. 35,000 (before a 62.5 for 1 share split) options with an exercise price of S$0.001 each were granted to directors, employees and advisors of Nanoveu Pte Ltd. This equates to 2,187,500 shares in Nanoveu Limited post share swap for Nanoveu Limited shares. All options were exercised during the year.

ii. 1,500,000 were issued to the joint lead managers of the initial public offering and 581,328 were issued to an employee and consultants as part of their remuneration. None of these options have been exercised.

iii. 150,000 options agreed to be issued to a consultant were issued subsequent to year end were accounted for during the 2018 year. See note 23 for further details.

(d) Valuation of Options

The 35,000 (before a 62.5 for 1 share split) options with an exercise price of S$0.001 granted to directors, employees and advisors of Nanoveu Pte Ltd were 'in-the-money' and were valued at the price of the most recent capital raising less the exercise price.

The 1,500,000 options issued to the joint lead managers of the initial public offering and 581,328 options issued to an employee and consultants as part of their remuneration were valued using a Black Scholes Option Pricing model.

The fair value of Options is recognised as an expense at the date of issue.

The amount recognised as an expense for Options issued during the year were recorded as follows:

- share based payment expense $293,267
- share issue expenses $213,216

The following table lists the assumptions to the model used to value the 1,500,000 options issued to the joint lead managers of the initial public offering and 581,328 options issued to an employee and consultants as part of their remuneration for the year ended 31 December 2018.

7. SHARE BASED PAYMENTS (continued)

Grant Date	Number Issued	Exercise Price (cents)	Assumed Stock Price at Grant Date (cents)	Issue Price (cents)	Interest Rate	Volatility	Value Per Option (cents)
9/1/18	750,000 (i)	-	0.12	nil	2.1%	120%	8
13/2/18	1,437,500 (i)	-	0.12	nil	2.1%	120%	8
16/11/18	2,081,328	20	20	nil	2.1%	120%	13
30/11/18	150,000	20	20	nil	2.1%	120%	13

(i) Adjusted for 62.5 for 1 share split

(e) Broker shares

300,000 ordinary shares were issued to the joint lead managers of the Company's initial public offering. These shares were valued at $0.20 per share, being the value of IPO share price and $60,000 has been recognised as share issue expenses.

8. INCOME TAX

(a) Income tax recognised in profit/loss

No income tax is payable by the Company as it recorded a loss for income tax purposes for the period.

(b) Numerical reconciliation between income tax expense and the loss before income tax.

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

	2018	2017
	$	$
Accounting loss before tax	(1,568,309)	(612,716)
Income tax benefit at 27.5% (i)	431,285	168,497
Unrecognised tax losses	(431,285)	(168,497)
Income tax expense	-	-

A deferred tax asset attributable to income tax losses has not been recognised at balance date as the probability criteria disclosed in Note 2.5(e) is not satisfied and such benefit will only be available if the conditions of deductibility also disclosed in Note 2.5(e) are satisfied.

(ii) Reflects the tax rate of the Company. The corporate tax rate in Singapore is 17% and in the United States is 30.5%.

9. CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash at bank	2,908,108	70,588
	2,908,108	70,588

Cash at bank earns interest at floating rates based on daily bank deposit rates.

9. CASH AND CASH EQUIVALENTS (continued)

(a) Reconciliation to the Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank.

Cash and cash equivalents as shown in the statement of cash flows are reconciled to the related items in the balance sheet as follows:

	2018 $	2017 $
Cash and cash equivalents	2,908,108	70,588

(b) Reconciliation of loss after income tax to net cash flows from operating activities:

	2018 $	2017 $
Loss for the year	(1,568,309)	(612,716)
Non cash flow items in loss for the year:		
- Interest accrued	-	70
- Bad debts written off	-	14,400
- Depreciation and amortisation	60,429	159,165
- Share based payment	331,655	-
- Waiver of trade payables	(22,213)	(30,538)
- Intangible assets written off	-	42,432
- Foreign currency difference	60,431	-
- Payments for the Company prior to the capital restructure	(1,017,949)	-
Changes in operating assets and liabilities:		
- (Increase) decrease in other assets	(209,247)	1,795
- Decrease (increase) in inventory	1,939	(174)
- Decrease (increase) in trade and other payables	282,637	(127,657)
- (Increased) in provisions	10,227	-
Cash flow used in operating activities	(2,070,402)	(553,223)

Non-cash financing activities

The Group converted debt to equity as described in Note 15.

Part of the compensation of advisors to the IPO was paid in shares and options as described in notes 7(c) and 16(a).

10. OTHER RECEIVABLES

	2018	2017
	$	$
Current:		
Fixed deposit with a maturity of longer than 90 days (i) and (ii)	2,001,994	9,636
GST receivables	9,160	-
Prepayments	198,989	-
Other	12,190	3,816
	2,222,333	13,452

i. The fixed deposit in 2018 has a maturity of 18 June 2019 and earns interest of 2.60%.
ii. The fixed deposit in 2017 was denominated in Singapore Dollars with a term of 92 days and earned interest of 0.15% to 0.25% per annum.

11. INVENTORIES

	2018	2017
	$	$
Current:		
Trading goods	203,357	279,018
Provision for inventory obsolescence	(156,075)	(229,797)
	47,282	49,221

Inventories recognised as an expense in cost of sales	50,068	14,457
	50,068	14,457

12. RIGHT OF USE ASSET AND LEASE LIABILITY

The Group has an office lease of longer than 12 months which is presented as a right of use asset and a lease liability as follows:

	2018	2017
	$	$
Right of use asset:		
Current	27,211	-
Non-current	43,084	-
	70,295	-
Lease liability:		
Current	27,211	-
Non-current	43,084	-
	70,295	-

The payments on the lease are as follow:

> 1 year	27,211	-
1 to 2 years	27,211	-
2 to 5 years	15,873	-
	70,295	-

13. INTANGIBLE ASSETS

	2018 $	2017 $
Cost:		
Opening balance at the beginning of the financial year	381,318	422,641
Additions	-	5,269
Write-off	-	(46,592)
Closing balance at the end of the financial year	381,318	381,318
Accumulated amortisation:		
Opening balance at the beginning of the financial year	172,223	137,818
Amortisation for the financial year	46,312	38,418
Write-off	-	(4,013)
Exchange adjustment	(87)	-
Closing balance at the end of the financial year	218,448	172,223
Carrying amount	162,870	209,095

Intangible assets comprise licences to use patents, trademarks and associated costs.

14. TRADE AND OTHER PAYABLES

	2018 $	2017 $
Current:		
Trade payables	132,881	35,845
Accrued expenses	51,547	23,583
Taxes payable	3,620	-
Other current liabilities	5,530	-
	193,578	59,428

15. FINANCIAL LIABILITIES

	2018 $	2017 $
Convertible notes - current:		
Face value of convertible notes	1,500,000	-
Initial recognition revaluation	829,191	-
Accrued interest	75,554	-
Conversion to equity (see note 16)	(2,329,191)	-
Interest paid	(75,554)	-
	-	-

During the year convertible notes with a face value of $1.5 million were issued as part of a capital raising exercise.

15. FINANCIAL LIABILITIES (continued)

The terms of these Convertible Notes were as follow:

- Maturity 12 months from the date of issue
- Interest payable 10% for the first 12 months
- Conversion into share occurs in the event of the Company listing on the ASX via an IPO

The Conversion price for all convertible notes, is equal to the subscription amount when multiplied by the price which equals a 35.6% discount to the issue price of the share offered or to be offered under a capital raising pursuant to a listing on the Australian Securities Exchange (ASX). The face value of these Convertible Notes was re-valued at initial recognition so as to recognize the value of conversion. A finance cost of $905,473 has been included in the Common Control Reserve (see Note 2.2) and has not been included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

16. ISSUED CAPITAL

	2018 $	2017 $
Paid up capital – ordinary shares	14,196,629	5,534,836
Capital raising costs	(824,221)	-
	13,372,408	5,534,836

(a) Ordinary shares

	Date	Number of shares	$
31 December 2018 movements in issued capital:			
Balance at 1 January 2018		1,414,348	5,534,836
Exercise of S$0.001 options	31 Mar 2018	35,000	272,602
		1,449,348	
62.5 for 1 share split (i)		90,584,250	
Conversion of convertible notes (see note 15)	16 Nov 2018	11,645,953	2,329,191
Shares issued in an IPO at $0.20	16 Nov 2018	30,000,000	6,000,000
Shares issued to brokers of the IPO (see note 7(e))	16 Nov 2018	300,000	60,000
		132,530,203	14,196,629
Share issue expenses		-	(824,221)
Balance at 31 December 2018		132,530,203(ii)	13,372,408

(i) Pursuant to a capital reorganisation 90,584,250 shares in Nanoveu Pte Ltd were swapped for 90,584,250 shares in Nanoveu Limited on 16 November 2018.

(ii) A small difference to the number of shares per ASIC records exists due to rounding upon update ASIC records.

	Number of shares	$
31 December 2017 movements in issued capital:		
Balance at 1 November 2016	1,374,348	5,151,436
Shares issued in a private placement at 15.3 cents	40,000	383,400
Balance at 31 December 2017	1,414,348	5,534,836

16. ISSUED CAPITAL (continued)

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote. The Company does not have authorised capital or par value in respect of its shares.

Share issue expenses comprise of the following fees and costs associated with the Company's pre-IPO convertible note and initial public offering with admission to the Official List of the Australian Securities Exchange. Included in these costs are the following no cash items.

	2018 $	2017 $
Share based payment – broker options (see notes 7(c), 7(d) and 16(c))	213,216	-
Share based payment – broker shares (see note 7e))	60,000	-
	273,216	-

(b) Performance Rights

During the period 1,100,000 Performance Rights were issued for nil cash consideration to Key Management Personnel.

The vesting of the Performance Rights is subject to the following have the following milestones attached to them:

i. the successful listing of the Company's Shares on the official list of the ASX (Listing) simultaneous with completion of the Company's acquisition of 100% of the issued share capital of Nanoveu Pte Ltd (Singapore Registration No. 201228747G); and

ii. continuous service of the Holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, for a period of two (2) years following the date of Listing.

Any unvested Performance Rights will lapse 7 years after their date of issue. No Performance Rights vested during the period.

As at 31 December 2018, the first milestone of the Performance Rights had been achieved. Refer to Note 7 for further information.

(c) Options

The following options were issued during 2018:

Expiry Date	Exercise Price	Number Issued	Number Exercised	Number Remaining
9 Jan 2020 (i)	0.016 cents	750,000	(750,000)	-
13 Feb 2020 (i)	0.016 cents	1,437,500	(1,437,500)	-
16 Nov 2021 (ii)	20 cents	2,081,328	-	2,081,328
30 Nov 2021 (ii) (iii)	20 cents	150,000	-	150,000

i. 35,000 (before a 62.5 for 1 share split) options with an exercise price of S$0.001 each were granted to directors, employees and advisors of Nanoveu Pte Ltd. This equates to 2,187,500 shares in Nanoveu Limited post share swap for Nanoveu Limited shares. All options were exercised during the year.

16. ISSUED CAPITAL (continued)

ii. 2,231,328 options were issued. 1,500,000 were issued to the joint lead managers of the initial public offering and 581,328 were issued to an employee and consultants as part of their remuneration. None of these options have been exercised.

iii. 150,000 options agreed to be issued to a consultant were issued subsequent to year end were accounted for during the 2018 year. See note 23 for further details.

17. RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Subsidiaries

The consolidated financial statements include the financial statements of Nanoveu Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity interest 2018	% Equity interest 2017
Nanoveu Pte Ltd	Singapore	100%	100%
Nanoveu Distribution Inc (i)	USA	100%	-
Nanoveu Inc (ii)	USA	-	100%

i. Incorporated during the year
ii. Deregistered during the year

(b) The Group's related parties are as follows:

(i) Key management personnel ('KMP'):

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that Group are considered key management personnel.

For details of remuneration disclosures relating to key management personnel, refer to Note 18: Key Management Personnel Disclosures.

Other transactions with KMP and their related entities are shown below.

(ii) Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(iii) Mr Apedaile, through Apedaile Nominees Pty Ltd, a business in which he holds a beneficial interest, invested $20,000 in the convertible notes issued by the Company. This converted into 155,280 shares in the Company and attracted interest of $881 interest.

(iv) Apart from reimbursements for expenses paid on behalf of the Group, director and fees paid directly or indirectly to director related entities, there were no transactions or balances with KMP during the year ended 31 December 2018.

18. KEY MANAGEMENT PERSONNEL

	2018	2017
	$	$
Remuneration paid:		
Short-term employee benefits	462,812	154,782
Post-employment benefits	23,706	26,263
Share-based payments	138,312	-
Non-monetary benefits	15,471	-
	640,301	181,045

Please see the Remuneration Report for further details. The presentation is consistent with the Remuneration Report which is presented on a legal entity basis rather than the accounting basis used in this financial report is which excludes the costs of Nanoveu Limited prior to 16 November 2018.

19. PARENT ENTITY INFORMATION

(a) Information relating to Nanoveu Limited

	2018
	$
Current assets	4,755,456
Non-current assets	-
Total assets	4,755,456
Current liabilities	34,752
Non-current liabilities	-
Total liabilities	34,752
Net assets	4,720,704
Contributed equity	13,456,632
Reserves	263,040
Accumulated losses	(8,998,968)
Total shareholders' equity	4,720,704
Loss for the parent entity	(8,998,968)
Total comprehensive income of the parent entity	(8,998,968)

During 2018, Nanoveu Limited became the parent entity as part of a capital reorganisation. See note 2.2 for further details.

(b) Guarantees

No guarantees have been entered into by the Company in relation to the debts of its subsidiaries. As at 31 December 2018 the parent entity had no contingent liabilities.

(c) Commitments

Commitments of the Company as at reporting date are disclosed in note 20 to the financial statements.

20. COMMITMENTS

The Group has a commitment to fund S$783,840 of its the EyeFyx development program and to provide the services of key staff to manage the project.

21. FINANCIAL RISK MANAGEMENT

The Group's financial situation is not complex. Its activities may expose it to a variety of financial risks in the future: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. At that stage the Group's overall risk management program will focus on the unpredictability of the financial markets and seek to minimise potential adverse effects on the financial performance of the Group.

The Group holds the following financial assets and liabilities:

	2018	2017
	$	$
Financial Assets		
Cash and cash equivalents	2,908,108	70,588
Trade and other receivables	2,222,334	13,452
	5,130,442	84,040
Financial Liabilities		
Trade and other payables	193,578	59,428
	193,578	59,428

(a) Market risk

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from cash and cash deposits. Deposits at variable rates expose the Group to cash flow interest rate risk. Deposits at fixed rates expose the Group to fair value interest rate risk. During the period, the Group's deposits at variable rates were denominated in Australian and Singaporean Dollars. The Group does not use derivatives to mitigate these exposures.

As at the reporting date, the Group had the following variable rate deposits and there were no interest rate swap contracts outstanding:

	2018 weighted average interest rate %	2018 Balance $	2017 weighted average interest rate %	2017 Balance $
Cash and cash equivalents	2.55%	2,908,108	-	70,588
Fixed term deposits	2.60%	2,001,994	-	9,636
Net exposure to cash flow interest rate risk		4,910,102		80,224

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents in high bearing accounts.

Sensitivity

During the period, if interest rates had been 50 basis points higher or lower than the prevailing rates realised, with all other variables held constant, there would be an immaterial change in post-tax profit for the year.

21. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

The Group is exposed to currency risk primarily through having operations in Singapore and the United States which incur expenses denominated in a currency other than the reporting currency. The currencies giving rise to this risk is Singapore Dollars and United States Dollars.

The following table details the Group's exposure at the reporting date to currency risk arising from recognised liabilities denominated in Singapore Dollars and United States Dollars.

	2018	2017
	$	$
Trade and other payables	158,826	59,428
	158,826	59,428

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in Singapore Dollars and United States Dollars exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including embedded derivatives.

	Change in SGD and USD Exchange Rates	Effect on Profit Before Tax	Effect on Equity
2018	+10%	(15,883)	-
	-10%	15,883	-
2017	+10%	(5,943)	-
	-10%	5,943	-

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in SGD and USD.

(b) Credit risk

The Group has no significant concentrations of credit risk. Cash transactions are limited to high credit quality financial institutions, being major banks in Australia and Singapore.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions. In relation to other credit risk areas management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

At the reporting date, there are no impaired trade receivables, and no trade receivables past due but not impaired.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised at the beginning of this note.

21. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

The following are the contractual maturities of financial liabilities excluding the impact of netting arrangements:

	Carrying amount $	Contractual cash flows $	12 months or less $	1 to 5 years $
31 December 2018				
Non-derivative financial liabilities				
Trade and other payables	193,578	193,578	193,578	-
	193,578	193,578	193,578	-
31 December 2017				
Non-derivative financial liabilities				
Trade and other payables	59,428	59,428	59,428	-
	59,428	59,428	59,428	-

(d) Capital Risk Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of equity attributable to equity holders, comprising issued capital and accumulated losses.

The Board reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through new share issues as well as the issue of debt, if the need arises.

22. AUDITORS' REMUNERATION

	2018 $	2017 $
Amounts received or due and receivable by the auditors for:		
- Auditing or reviewing the financial report		
o BDO Audit (WA) Pty Ltd	25,000	-
o Other auditors	10,909	7,795
- Other services – BDO - Investigating Accountant's Report	17,340	-
	53,249	7,795

23. EVENTS AFTER THE REPORTING DATE

150,000 options with an exercise price of $0.20 on or before 30 November 2021 which were agreed to be issued to a consultant were issued subsequent to year end.

Apart from the items above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Alfred Chong
Executive Chairman and CEO

28 February 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Nanoveu Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Nanoveu Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for capital reorganisation

Key audit matter	How the matter was addressed in our audit
On 28 November 2018, Nanoveu Limited acquired 100% of the issued capital of Nanoveu Pte Ltd by issuing the shareholders of Nanoveu Pte Ltd fully paid ordinary shares in Nanoveu Limited. Nanoveu Limited has been incorporated to effect the Australian listing of Nanoveu Pte Ltd under a capital reorganisation. Capital reorganisation transactions are a complex accounting area because there is limited guidance in Australian accounting standards relating to these types of transactions. There is a risk that the financial report are not presented and disclosed in accordance with the accounting policy adopted for capital reorganisations by the group. Refer to Note 2.2 and Note 3 of the financial report for a description of the accounting policy and judgements applied to this transaction.	Our procedures included, but were not limited to: • Obtaining an understanding of the relevant agreements in line with management's assessment of the transaction and the accounting policies adopted to reflect the capital reorganisation; • Involving our internal technical accounting specialists to evaluate the appropriateness of the use of the continuation accounting as it was applied to this transaction; and • Assessing the adequacy of the Group's disclosures in respect of the accounting for this capital reorganisation in Note 2.2 and Note 3 in the financial report.

Accounting for share based payments

Key audit matter	How the matter was addressed in our audit
During the financial year ended 31 December 2018, the Group issued equity instruments, in the form of shares, options and performance shares, to eligible directors, employees and other consultants as detailed in Note 7. The Group performed valuations of the options and recorded the related share-based payment expense or share capital costs in accordance with the relevant accounting standard. Due to the judgemental estimates used in determining the value of the fair value of the share based payments, we consider the accounting for the share-based payments to be a key audit matter.	Our audit procedures in respect of this area included but were not limited to the following: • Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Involving our internal valuation specialists to assess the assumptions and inputs used in the valuation; • Assessing management's determination of achieving non-market vesting conditions of the performance shares issued; • Assessing the allocation of the share-based payment expense over management's expected vesting period; and • Assessing the adequacy of the disclosure in Note 2.5(p), Note 3 and Note 7 in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 18 of the directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Nanoveu Limited, for the year ended 31 December 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 28 February 2019

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 25 February 2019.

(a) Distribution of equity securities

(i) Ordinary share capital

- 80,330,532 quoted fully paid ordinary shares are held by 423 individual shareholders.
- 4,090,680 unquoted fully paid ordinary shares are held by 26 individual shareholders. These shares are subject to 12 month ASX Escrow until the dates as follow:

856,832	19-Mar-19
69,099	21-Mar-19
276,398	22-Mar-19
138,199	26-Mar-19
138,199	27-Mar-19
82,919	6-Apr-19
207,297	12-Apr-19
69,099	16-Apr-19
138,198	18-Apr-19
221,118	3-May-19
82,919	7-May-19
124,379	8-May-19
138,199	9-May-19
27,640	15-May-19
138,199	23-May-19
552,795	29-Jun-19
635,713	4-Aug-19
193,478	22-Aug-19

- 48,108,991 unquoted fully paid ordinary shares are held by 15 individual shareholders. These shares are subject to ASX Escrow until 30 November 2020.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

(ii) Options

- 2,081,328 unlisted options, $0.20 exercise, 15 November 2021 expiry (ASX Escrow until 30 November 2020) held by 5 individual holders.
- 75,000 unlisted options, $0.20 exercise, 29 November 2021 expiry, subject to the holder being engaged by the Company on 29 May 2019 held by 1 individual holder.
- 75,000 unlisted options, $0.20 exercise, 29 November 2021 expiry, subject to the holder being engaged by the Company on 29 November 2019 held by 1 individual holder.

Options do not carry a right to vote.

(iii) Performance rights

- 1,100,000 performance rights (ASX Escrow until 30 November 2020) are held by 4 individual holders.

ASX ADDITIONAL INFORMATION (continued)

The number of security holders by size of holding in each class are:

	Quoted Fully Paid Ordinary Shares	Unquoted Fully Paid Ordinary Shares – 12 Month Escrow	Unquoted Fully Paid Ordinary Shares – 24 Month Escrow	Unquoted 15 Nov 2020 Options – 24 Month Escrow	Unquoted 29 Nov 2020 Options, 29 May 2019 Hurdle	Unquoted 29 Nov 2020 Options 29 Nov 2019 Hurdle	Performance Shares – 24 Month Escrow
1 - 1,000	-	-	-	-	-	-	-
1,001 - 5,000	2	-	-	-	-	-	-
5,001 - 10,000	127	-	-	-	-	-	-
10,001 - 100,000	195	16	3	-	1	1	-
> 100,000	99	10	12	5	-	-	4
Totals	**423**	**26**	**15**	**5**	**1**	**1**	**4**

(b) Substantial shareholders

The names of the substantial shareholders disclosed to the Company as substantial shareholders are:

Ordinary shareholders

Holder Name	Number	%
CHONG TECK ENG	42,694,125	32.21%

(c) Unquoted equity securities shareholdings greater than 20%

Securitiy and Holders	Number
Unquoted Fully Paid Ordinary Shares – 12 Month Escrow	
AU WING KIU YVONNE	829,193
STRATEGIC FINANCIAL GROUP AUSTRALIA PTY LTD	829,191
Unquoted Fully Paid Ordinary Shares – 24 Month Escrow	
MR TECK ENG CHONG	42,437,961
Unquoted 15 Nov 2020 Options – 24 Month Escrow	
FIRST GUARDIAN CAPITAL PTY LTD	750,000
FGC MANAGEMENT PTY LTD	750,000
Unquoted 29 Nov 2020 Options, 29 May 2019 Hurdle	
RP INVESTMENT MANAGEMENT PTY LTD <BLETCHLEY PARK CAPITAL>	75,000
Unquoted 29 Nov 2020 Options, 29 Nov2019 Hurdle	
RP INVESTMENT MANAGEMENT PTY LTD <BLETCHLEY PARK CAPITAL>	75,000

ASX ADDITIONAL INFORMATION (continued)

(d) Twenty largest holders of quoted equity securities

Position	Holder Name	Holding	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,806,365	14.70%
2	BNP PARIBAS NOMS PTY LTD <DRP>	10,338,433	12.87%
3	HENDRIK ANTOON LIMITED	5,345,438	6.65%
4	CITICORP NOMINEES PTY LIMITED	3,835,063	4.77%
5	ANDREA CHEAH WERN LI	2,467,063	3.07%
6	MR ALAN TRAVINE SYMONS	1,875,000	2.33%
7	FIRST GUARDIAN HOLDINGS PTY LTD	1,832,714	2.28%
8	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,774,580	2.21%
9	STRATEGIC FINANCIAL GROUP AUSTRALIA PTY LTD	1,500,000	1.87%
10	MISS YVONNE WING KIU AU	1,499,999	1.87%
11	FALCON CAPITAL LIMITED <FG EMERGING COMPANIES A/C>	1,148,000	1.43%
12	MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	904,562	1.13%
13	MR GORDON KIN WING YU	822,375	1.02%
14	DANIEL LIM CHING-LUEN	772,375	0.96%
15	FALCON CAPITAL LIMITED	750,000	0.93%
15	FIRST GUARDIAN INNOVATION FUND GP PTY LTD <FIRST GUARDIAN IN FUND A/C>	750,000	0.93%
16	IVC GLOBAL PARTNERS PTE LTD	735,312	0.92%
17	JASZAC INVESTMENTS PTY LTD <JASON SOURASIS INVESTMNT A/C>	638,143	0.79%
18	KIRSTINE HOLME BJERGVANG	625,000	0.78%
18	JEREMY GOON KIN WAI	625,000	0.78%
18	DR TAY TZE-HSIN MARC	625,000	0.78%
18	INNOX CO LTD	625,000	0.78%
18	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	625,000	0.78%
19	BEN PTY LTD <A H CARR SUPER FUND A/C>	616,813	0.77%
20	CHUCKY PTY LTD <MJ TURNER SUPER FUND>	616,750	0.77%
	Total	**53,153,985**	**66.17%**