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

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2015

INDEX

DIRECTOR'S REPORT

Your directors present their report, together with the financial statements, on the consolidated entity (referred hereafter as the 'consolidated entity' or 'Group') consisting of Microequities Limited and the entity it controlled for the year ended 30th June 2015.

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

Carlos Gil
Samuel Gutman
Leslie Szekely
Craig Shapiro

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

Review of Operations
The profit of the consolidated entity for the financial year after providing for income tax amounted to $1,755,733 (2014: $1,202,357).

Dividend
A dividend of $1,189,544 was paid to shareholders during the year (2014: $1,636,257).

Corporate Structure
Microequities Limited is a company limited by shares incorporated and domiciled in Australia.

Registered Office
Level 3, Suite 302
17 Castlereagh Street
SYDNEY NSW 2000

Share Options
No options for shares in the Company have been granted during the financial year and there were no options outstanding at 30 June 2015.

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

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

Matters subsequent to the end of the financial year

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

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

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

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

Insurance of Officers
The Company has paid premiums to insure the Directors and Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Directors and Officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

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

Signed in accordance with a Resolution of the Directors.

……………………………	……………………………
Carlos Gil	Samuel Gutman
Director	Director
22 February 2016	22 February 2016

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Prosperity Audit Services

PROSPERITY AUDIT SERVICES

Luke Malone

LUKE MALONE
Partner

22 February 2016
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

Revenue from continuing operations	**Note**	**2015 $**	**2014 $**
Revenue		3,193,357	2,234,432
Other income		237,613	4,366
		3,430,970	**2,238,798**
Expenditure			
Accounting & audit fees		(16,500)	(10,727)
Advertising expenses		(168,523)	(114,319)
Bad and doubtful debt expenses		-	(41)
Depreciation and amortisation expenses		-	(20,138)
Employee benefits expenses		(439,431)	(226,482)
Legal & professional fees		(27,660)	-
Rebate management fees		(96,184)	(75,554)
Rent		(61,951)	(10,000)
Other expenses		(167,793)	(63,884)
		(978,042)	**(521,145)**
Profit/(Loss) before income tax		**2,452,928**	**1,717,653**
Income tax expense		(697,195)	(515,296)
Profit/(Loss) for the year		**1,755,733**	**1,202,357**
Other comprehensive income for the year		-	(65,925)
Total comprehensive income for the year attributable to the owners of Microequities Limited.		**1,755,733**	**1,136,432**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015 $	2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	1,021,423	563,752
Trade and other receivables	4	188,103	96,959
Financial Assets	5	-	13
TOTAL CURRENT ASSETS		1,209,526	660,724
NON-CURRENT ASSETS			
Financial assets	5	1,831,581	1,634,075
Property, plant and equipment	6	-	-
Deferred tax assets		6,882	-
TOTAL NON-CURRENT ASSETS		1,838,463	1,634,075
TOTAL ASSETS		**3,047,989**	**2,294,799**
CURRENT LIABILITIES			
Trade and other payables	7	125,496	65,329
Provisions for leave liability		13,687	-
Other tax liabilities	8	98,200	22,617
TOTAL CURRENT LIABILITIES		237,383	87,946
NON-CURRENT LIABILITIES			
Deferred tax liabilities		37,664	-
TOTAL NON-CURRENT LIABILITIES		37,664	-
TOTAL LIABILITIES		**275,047**	**87,946**
NET ASSETS		**2,772,942**	**2,206,853**
EQUITY			
Issued capital	9	2,221,387	2,221,487
Reserves	10	-	(65,925)
Retained earnings	11	551,555	51,291
TOTAL EQUITY		**2,772,942**	**2,206,853**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

	Issued Capital $	Reserves $	Retained Earnings / (accumulated losses) $	Total $
BALANCE AT 1 JULY 2013	**21,505**	**-**	**485,191**	**506,696**
Transactions with owners as owners				
- Dividend paid	-	-	(1,636,257)	(1,636,257)
- Shares issued	2,199,982	-	-	2,199,982
Total comprehensive income for the year	-	(65,925)	1,202,357	1,136,432
BALANCE AT 30 JUNE 2014	**2,221,487**	**(65,925)**	**51,291**	**2,206,853**
Share capital elimination	(100)	-	-	(100)
Transfer from other comprehensive income to profit and loss		65,925	(65,925)	-
Transactions with owners as owners				
- dividend paid	-	-	(1,189,544)	(1,189,544)
Total comprehensive income for the year	-	-	1,755,733	1,755,733
BALANCE AT 30 JUNE 2015	**2,221,387**	**-**	**551,555**	**2,772,942**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,258,913	2,177,259
Dividends received		-	-
Interest Received		30,790	22,090
Payments to suppliers and employees		(1,570,441)	(864,416)
Net cash provided by / (used in) operating activities	12	**1,719,262**	**1,334,933**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of investments		-	51,036
Payments for investments		(72,047)	(1,590,046)
Net cash provided by / (used in) investing activities		**(72,047)**	**(1,539,010)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued		-	2,199,982
Dividends paid		(1,189,544)	(1,636,257)
Net cash provided by / (used in) financing activities		**(1,189,544)**	**563,725**
Net increase/(decrease) in cash and cash equivalents held		457,671	359,648
Cash and cash equivalents at beginning of financial year		563,752	204,104
Cash and cash equivalents at end of financial year	3	**1,021,423**	**563,752**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

(i) Re-issuance of audited financial statements

The audited financial report for the year ended 30 June 2015 were authorised for issue by the Board of Directors on 23 October 2015. The audit report included a qualification with respect to certain opening balances for the year ended 30 June 2015, as the auditors were unable to obtain audited financial statements for the prior financial year ended 30 June 2014. Subsequent to 23 October 2015, the auditors were provided with an audited financial report for the year ended 30 June 2014. Following the performance of additional audit procedures with respect to opening balances, the auditors were able to obtain sufficient appropriate audit evidence to conclude that the opening balances are free of material misstatement and therefore the basis for the qualified auditor's opinion is no longer applicable.

As a result of the additional evidence obtained and procedures performed, these financial statements have been adjusted to reflect some immaterial items in the balance sheet and income statement that were not previously recognised. The Board of Directors believe these adjustments are not material in nature and consider these adjustments useful in aligning the financial report to the accounting system and eliminating future discrepancies between the two sets of records. These re-issued set of financial statements have been appropriately adjusted and an unqualified auditor's opinion has been issued.

(ii) Special purpose financial report

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

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

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

(iii) Historical cost convention

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

(iv) Critical accounting estimates

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

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Microequities Limited ("company" or "parent entity") as at 30 June 2015 and the results of its subsidiary for the year then ended.

Microequities Limited and its subsidiary together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

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

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

(c) Revenue recognition

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

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

(i) Interest income

Interest revenue is recognised using the effective interest rate method.

(ii) Dividend revenue

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

(iii) Rendering of services

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

(d) Cash and cash equivalents

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

(e) Leases

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

(f) Trade and other receivables

All trade debtors are recognised at the amounts receivable.

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

(g) Trade and other payables

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

(h) Goods and services tax (GST)

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

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

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

(i) Income tax

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

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

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

Deferred tax is not provided for the following:

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

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

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

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

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

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

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

(j) Employee benefits

Short term obligations

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

(k) Share capital

Ordinary shares are classified as equity.

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

(l) Dividends

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

(m) Financial instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately

Classification and subsequent measurement

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

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(n) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. The company's initial assessment of the impact of these new standards and interpretation is that there will be no material change to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

		2015 $	2014 $
2.	**AUDITOR'S REMUNERATION**		
	Audit of the financial report	5,000	5,000
	Tax compilation and related services	6,500	5,727
		11,500	10,727
3.	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	-	30
	Short term deposits	20,000	20,000
	Cash at bank	1,001,423	543,722
		1,021,423	563,752
4.	**TRADE AND OTHER RECEIVABLES**		
	CURRENT		
	Trade Debtors	143,470	96,959
	Lease deposit	44,633	-
		188,103	96,959
5.	**FINANCIAL ASSETS**		
	CURRENT		
	Commsec Account	-	13
	NON-CURRENT		
	Shares in Listed Companies	-	-
	Shares in Other Companies	1,831,581	1,634,075
		1,831,581	1,634,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 $	2014 $
6. PROPERTY, PLANT & EQUIPMENT		
Buildings & Improvements	23,395	23,395
Less: Accumulated depreciation	(23,395)	(23,395)
	-	-
Furniture & Fittings	3,890	3,890
Less: Accumulated depreciation	(3,890)	(3,890)
	-	-
Computer Equipment	1,812	1,812
Less: Accumulated depreciation	(1,812)	(1,812)
	-	-
Total property, plant & equipment	**-**	**-**

7. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Current		
Related Party Loan – Carlos Gil	399	5,560
Related Party Loan – Samuel Gutman	1,070	1,253
Trade Creditors	33,569	9,111
Sundry Creditors	-	20,106
Superannuation Payable	4,254	4,254
PAYG withholding payable	32,606	-
GST Clearing Account	53,598	25,045
	125,496	65,329

8. TAX ASSETS / LIABILITIES

	2015 $	2014 $
Liabilities		
Current		
Provision for Income Tax	98,200	22,617

9. ISSUED CAPITAL

	2015 $	2014 $
Owner’s / Shareholder’s Capital	2,221,387	2,221,487

10. RESERVES

	2015 $	2014 $
Asset Revaluation Reserve		
DVMF	-	(55.687)
HIMF	-	(17,356)
Nanocap Trust No.6	-	7,118
	-	(65,925)

11. RETAINED EARNINGS

	2015 $	2014 $
Retained earnings at the beginning of the financial year	51,291	485,191
Net profit attributable to members of the company	1,755,733	1,202,357
Dividends provided for or paid	(1,189,544)	(1,636,257)
Transfer from other comprehensive income to profit and loss	(65,925)	-
Retained earnings at the end of the financial year	551,555	51,291

12. CASH FLOW RECONCILIATION

	2015 $	2014 $
Profit / (loss) for the year	1,755,733	1,202,357
Adjustments for non cash items		
Depreciation and amortisation	-	20,138
Bad debt expenses	-	(41)
(Increase)/decrease in value of investments	(125,546)	65,925
Changes in operating assets and liabilities		
Decrease/(Increase) in trade and other debtors	(91,144)	57,172
Decrease/(Increase) in deferred tax assets	(6,882)	-
Increase/(Decrease) in trade and other creditors	60,167	(37,824)
Increase (Decrease) in provision	13,687	-
Increase (Decrease) in provision for income tax	75,583	27,206
Increase (Decrease) in deferred tax liabilities	37,664	
Cash inflow / outflow from operating activities	1,719,262	1,334,933

13. EVENTS AFTER REPORTING DATE

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

14. COMMITMENTS

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

15. CONTINGENT ASSETS AND LIABILITIES

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

DIRECTORS' DECLARATION

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

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

In the opinion of the Directors of Microequities Limited:

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

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

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

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Samuel Gutman
Director
22 February 2016

Carlos Gil
Director
22 February 2016

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MICROEQUITIES LIMITED AND ITS CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2015

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Microequities Limited and its Controlled Entity, which comprises the Consolidated Statement of Financial Position as at 30 June 2015, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Microequities Limited and its Controlled Entity are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MICROEQUITIES LIMITED AND ITS CONTROLLED ENTITY
FOR THE YEAR ENDED 30 JUNE 2015 (cont'd)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Company a written Auditor's Independence Declaration, a copy of which is included on page 3 of the financial report.

Auditor's Opinion

In our opinion, the financial report Microequities Limited and its Controlled Entity is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1(a)(ii) of the financial report, which describes the basis of accounting. The financial report has been prepared for the purposes of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the owners of Microequities Limited. As a result, the financial report may not be suitable for another purpose.

Prosperity Audit Services

PROSPERITY AUDIT SERVICES

LUKE MALONE
Partner

22 February 2016
Sydney