

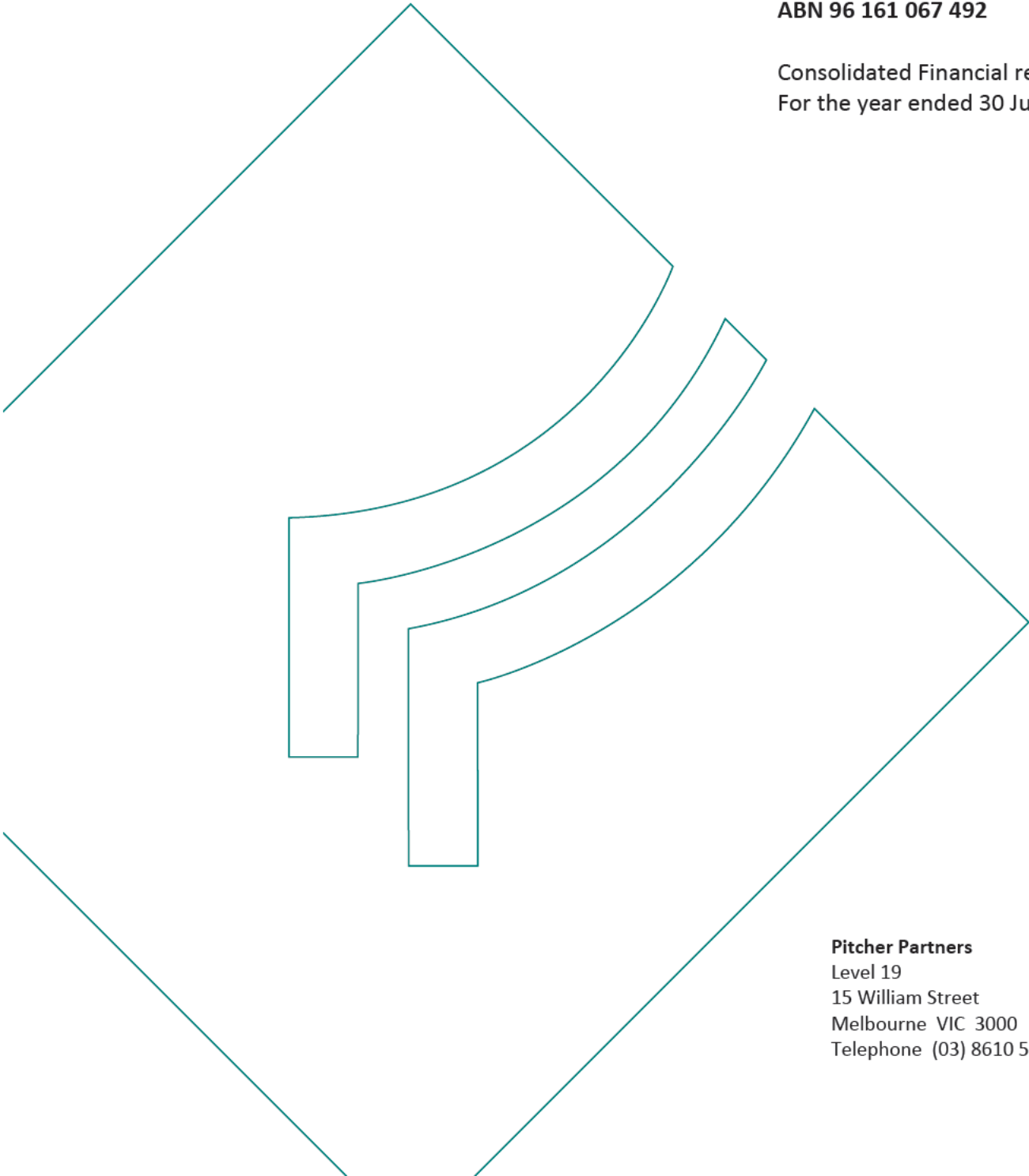


PITCHER PARTNERS

**Pollinate Energy Limited
and controlled entity**

ABN 96 161 067 492

Consolidated Financial report
For the year ended 30 June 2017



Pitcher Partners
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TABLE OF CONTENTS

Directors' report	1 - 6
Auditor's independence declaration	7
Financial report	
Consolidated statement of profit or loss and other comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to financial statements	12 - 22
Directors' declaration	23
Independent auditor's report	24 - 26

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

DIRECTORS' REPORT

The directors present their report together with the financial report of the group, being the company and its controlled entity, for the year ended 30 June 2017 and auditor's report thereon.

Directors names

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

Scott Watkins

Elena Bondareva

Boris Couteaux (resigned 12 January 2018)

Justine Jarvinen (appointed 7 September 2016)

Alan Beattie (appointed 7 September 2016)

Nathalie Kylander (appointed 6 February 2017 and resigned 2 May 2017)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Short-term and long-term objectives and strategies

Pollinate Energy brings life-changing products to people who need them most – from solar powered lights to improved cook stoves to water filters. For India's poor, we are the missing link in the chain, allowing them to access, understand, and afford household products that make daily life better and safer. We do all this whilst creating jobs for people from disadvantaged backgrounds, giving them the skills and tools to generate a sustainable income to support their local communities.

The group's short-term objectives are to:

- Increase fundraising efforts to continue to support the growth of our operations delivering much needed technologies to people in poverty.
- Increase fellowship programs to impact more students and professionals by showcasing our work and enabling them to discover the potential of social impact careers.
- Develop more opportunities for women and other marginalised groups within our team, and explore new products that improve quality of life for these groups.

The group's long-term objectives are to provide much needed access to high quality, sustainable and life-improving technologies to communities across the globe through replication of our model into regions that are underserved, and partnerships with other global partners whom we can support with our skills and expertise to reach their own local communities.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

DIRECTORS' REPORT

Short-term and long-term objectives and strategies (Continued)

To achieve its short-term and long-term objectives, the group has adopted the following strategies:

- Increasing numbers of fellowship programs, and aligning programs to core strategic goals to ensure that our fellows are helping us accelerate our core objectives;
- Provide relevant and regular training to managers and leaders enabling higher success rates across field teams;
- Implementing new and improved training and on-boarding programs for Pollinators in all locations;
- Independent impact assessment on our new product lines focussing on the impact across family members, and utilising this information to better identify valued products for families; and
- Implementing new distribution models across the communities we serve to provide access to a greater range of products and deepen our impact.

Principal activities

To carry out the group's strategies and to achieve its short-term and long-term objectives, the group engaged in the following principal activities during the year.

The group's principal activities are:

- Bringing life-changing products to people who need them most through distribution and affordable payment plans;
- Raising funds and advocating for better support for disempowered communities and access to life changing products; and
- Delivering high quality leadership programs for students and professionals to accelerate our impact and motivate the next generation of social entrepreneurs.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

DIRECTORS' REPORT

Key performance indicators

To help evaluate whether the activities the group established during the year have achieved its short-term and long-term objectives, the group uses the following key performance indicators to measure, analyse and monitor its performance:

The group's key performance indicators are:

- Number of products distributed to families
- Number of Pollinators active
- Payment plan default rates and performance
- Customer satisfaction on product and service provided
- Monthly revenue (from products and from fundraising efforts)
- Corporate sponsorship satisfaction and renewal
- Number of fellows participating on programs
- Fellowship satisfaction

Information on directors

Scott Watkins

Experience

Scott has a PhD in Chemistry from the University of New South Wales and spent four years in the UK working for two start-up companies in the area of Organic Light Emitting Diodes (OLEDs). Scott spent 10 years with CSIRO, Australia's national science agency, as a research scientist and manager. Most recently, Scott was the Research Leader for Thin Film Photovoltaics in CSIRO's Manufacturing Flagship, based in Melbourne, Victoria. In this role, Scott managed the research directions of his team and had responsibility for planning the commercialisation of their work. Scott managed projects on both OLEDs and solar cells and coordinated CSIRO's involvement in a number of national and international consortia aimed at developing applications of flexible electronics by linking industry with research.

Elena Bondareva

Experience

Elena is Russian by birth and upbringing, a naturalised Australian and a graduate of a US university with a knack for global trends and new-generation business models. She is passionate about mobilising individuals to create realities that far exceed their experience, and about methodically catalysing systemic change in societies, and has worked, taught and helped establish not-for-profits across five continents. She is proud to support Pollinate Energy in its pioneering, brave and game-changing work.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

DIRECTORS' REPORT

Information on directors (Continued)

Boris Couteaux

Experience

Finance professional turned social entrepreneur, social impact specialist with expertise in management, business & growth strategy, credit analysis and financial modeling along with a passion for social finance and sustainable entrepreneurship as solutions to surpass the UN's SDG's.

After working for 5 years in various positions in Corporate Banking at ING (Associate Relationship Manager, Business Manager (Strategy Analyst) and a Secondment in Structured Finance), Boris decided to take a year off work to volunteer in India for Pollinate Energy as City CoFounder (Operations Manager), a social business that brings solar powered lights and other sustainable products to India's urban poor communities that have no access to electricity and clean water.

Justine Jarvinen

Experience

Justine's experience spans the energy, finance and non-profit sectors. She has been a highly-rated equity analyst, employed by the world's top energy companies and led a team creating a transparent not-for-profit "marketplace" at New Philanthropy Capital in London. Her work has shaped public debate and best practice on issues as diverse as charity impact, grant-making, violence against women and electric vehicles. Justine holds a first class honours degree in Engineering, a GradDip in Applied Finance and Investment, is Fellow of FINSIA and a Graduate of the Australian Institute of Company Directors. She has held directorships for a variety of corporate and non-profit organisations.

Alan Beattie

Experience

Alan has nearly 20 years social enterprise experience having co-run for profit and not-for-profit entities where the for profit business generated funds which flowed through into the NFP. This work was mainly with Indigenous communities in rural and remote Australia. Over the past couple of years Alan has worked overseas in PNG and Nauru. In Nauru Alan worked with the refugee community developing micro/small businesses and employment opportunities. Recently Alan has taken on the role as Social Enterprise Manager with Holyoake in Perth. In 2016 Alan spent 3 months in India participating in Pollinates Professional Fellowship program in Kolkata, touring and exploring social business enterprises and other business opportunities in India.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

DIRECTORS' REPORT

Information on directors (Continued)

Nathalie Kylander

Experience

Nathalie is one of the world's leading experts on nonprofit brand management. Her passion for understanding and promoting the important role that brand plays for nonprofit organizations has resulted in a decade of research, teaching, and consulting. Nathalie has been a practitioner as well as an academic over the course of her career. Her courses, including many Executive Education programs, and multiple publications have targeted nonprofit leaders, with the goal of building marketing and branding capacity in the sector. Nathalie has supported many of her students as they created and launched social enterprises both at Tufts University, where she taught entrepreneurial marketing, and at Harvard where she currently teaches strategic management for nonprofits.

She has worked extensively in both the private and social sectors over the course of her 30-year career. As a biochemist, an MBA and a PhD, Nathalie also built on her experience in strategy consulting to hold a number of prominent positions in sales, marketing and management at Medtronic Inc. She led Doctors Without Borders programs in Armenia, worked for the UNDP in Senegal, and has consulted to dozens of both large and small nonprofit organizations.

Nathalie received a BS in Biochemistry from Imperial College at London University, an MBA from the Harvard Business School, and a PhD from Fletcher School at Tufts University.

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Scott Watkins	10	10
Elena Bondareva	10	6
Boris Couteaux	10	10
Justine Jarvinen	9	9
Alan Beattie	9	7
Nathalie Kylander	2	2

Members guarantee

The parent is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the parent is wound up, the Constitution states that each member is required to contribute to a maximum of \$10 each towards meeting any outstanding obligations of the parent. At 30 June 2017 the number of members was 5. The combined total amount that members of the parent are liable to contribute if the parent is wound up is \$50.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

DIRECTORS' REPORT

Auditor's independence declaration

A copy of the auditor's independence declaration under the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit for the financial year is provided with this report.

Signed on behalf of the board of directors.

Director: 

Scott Watkins

Director: 

Justine Jarvinen

Dated this 29th day of January 2018

**POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492**

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF POLLINATE ENERGY LIMITED - CONSOLIDATED**

In relation to the independent audit for the year ended 30 June 2017, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Pollinate Energy Limited and the entities it controlled during the year.



M J HARRISON

Partner



PITCHER PARTNERS

Melbourne

Date: 30 January 2018

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue and other income			
Sales revenue	2	407,327	232,140
Other revenue	2	<u>654,626</u>	<u>567,969</u>
		<u>1,061,953</u>	<u>800,109</u>
Less: expenses			
Employee benefits expense		(407,791)	(294,404)
Materials and consumables used		(250,597)	(177,654)
Occupancy expense		(69,749)	(56,078)
Travel expense		(40,441)	(33,393)
Fellowship hosting costs		(23,116)	(31,291)
Fellowship travel, food and accomodation		(15,881)	(26,148)
Insurance expense		(13,842)	(14,427)
Administration expense		(10,471)	(14,304)
Depreciation expense	3	(5,981)	(9,293)
Computer expense		(149)	(8,557)
Advertising expense		(46,334)	(4,245)
Freight costs		(5,219)	(4,291)
Finance costs	3	(5,607)	-
Research and development		(655)	(1,532)
Professional fees		(34,258)	(23,185)
Other expenses		<u>(49,320)</u>	<u>(34,779)</u>
		<u>(979,411)</u>	<u>(733,581)</u>
Surplus for the year		82,542	66,528
Income tax expense	4	<u>-</u>	<u>(65)</u>
Net surplus from continuing operations		<u>82,542</u>	<u>66,463</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Foreign exchange translation of Pollinate Energy India Pvt Ltd		<u>641</u>	<u>(2,495)</u>
Other comprehensive income for the year		<u>641</u>	<u>(2,495)</u>
Total comprehensive income		<u>83,183</u>	<u>63,968</u>

The accompanying notes form part of these financial statements.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	5	364,153	217,695
Receivables	6	65,031	26,774
Inventories	7	66,655	27,071
Other assets	8	<u>32,143</u>	<u>20,381</u>
Total current assets		<u>527,982</u>	<u>291,921</u>
Non-current assets			
Deferred tax assets	4	2,351	1,059
Property, plant and equipment	9	<u>10,342</u>	<u>8,301</u>
Total non-current assets		<u>12,693</u>	<u>9,360</u>
Total assets		<u>540,675</u>	<u>301,281</u>
Current liabilities			
Payables	10	88,139	37,803
Provisions	11	9,158	1,916
Current tax liabilities	4	<u>-</u>	<u>1,367</u>
Total current liabilities		<u>97,297</u>	<u>41,086</u>
Non-current liabilities			
Borrowings	12	<u>150,000</u>	<u>50,000</u>
Total non-current liabilities		<u>150,000</u>	<u>50,000</u>
Total liabilities		<u>247,297</u>	<u>91,086</u>
Net assets		<u>293,378</u>	<u>210,195</u>
Equity			
Reserves	13	5,194	4,553
Accumulated surplus		<u>288,184</u>	<u>205,642</u>
Total equity		<u>293,378</u>	<u>210,195</u>

The accompanying notes form part of these financial statements.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

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

	Reserves \$	Accumulated surplus \$	Total equity \$
Consolidated			
Balance as at 1 July 2015	7,048	139,179	146,227
Surplus for the year	-	66,463	66,463
Foreign exchange translation of Pollinate Energy India Pvt Ltd	<u>(2,495)</u>	<u>-</u>	<u>(2,495)</u>
Total comprehensive income for the year	<u>(2,495)</u>	<u>66,463</u>	<u>63,968</u>
Balance as at 30 June 2016	<u>4,553</u>	<u>205,642</u>	<u>210,195</u>
Balance as at 1 July 2016	4,553	205,642	210,195
Surplus for the year	-	82,542	82,542
Foreign exchange translation of Pollinate Energy India Pvt Ltd	<u>641</u>	<u>-</u>	<u>641</u>
Total comprehensive income for the year	<u>641</u>	<u>82,542</u>	<u>83,183</u>
Balance as at 30 June 2017	<u>5,194</u>	<u>288,184</u>	<u>293,378</u>

The accompanying notes form part of these financial statements.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

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

	Note	2017 \$	2016 \$
Cash flow from operating activities			
Receipts from customers		1,023,623	811,205
Payments to suppliers and employees		(966,567)	(761,690)
Interest received		73	484
Income tax paid		<u>(2,659)</u>	<u>(669)</u>
Net cash provided by operating activities		<u>54,470</u>	<u>49,330</u>
Cash flow from investing activities			
Payment for property, plant and equipment		<u>(8,012)</u>	<u>(2,774)</u>
Net cash used in investing activities		<u>(8,012)</u>	<u>(2,774)</u>
Cash flow from financing activities			
Proceeds of related party borrowings		<u>100,000</u>	<u>50,000</u>
Net cash provided by financing activities		<u>100,000</u>	<u>50,000</u>
Reconciliation of cash			
Cash at beginning of the financial year		217,695	121,139
Net increase in cash held		<u>146,458</u>	<u>96,556</u>
Cash at end of financial year	14(a)	<u><u>364,153</u></u>	<u><u>217,695</u></u>

The accompanying notes form part of these financial statements.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Pollinate Energy Limited and its consolidated entity. Pollinate Energy Limited is a company limited by guarantee, incorporated and domiciled in Australia. Pollinate Energy Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The financial report has been prepared on a going concern basis.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared and reviewed for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively.

(d) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from organising and hosting events is recognised in the period in which the events are held.

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

(e) Contributions - Government Grants and Donations

A non-reciprocal contribution or grant is recognised when the entity obtains control of the contribution or grant and it is probable that the economic benefits will flow to the entity, and the amount of the contribution or grant can be measured reliably.

If conditions attached to the contribution or grant that must be satisfied before the entity is eligible to receive the contribution, recognition of contribution or income is deferred until those conditions are met.

A non-reciprocal donation is recognised when the right to receive a donation has been established.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax

No provision for income tax has been raised in regards to the parent entity as it is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*. The controlled entity, Pollinate Energy India Pvt Ltd, is subject to tax in India.

(g) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value.

(h) Financial instruments

Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments are held.

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 entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and the group intends to hold the investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

(i) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Useful lives	Depreciation basis
Office equipment at cost	5 years	Diminishing value
Furniture, fixtures and fittings at cost	10 years	Diminishing value
Computer equipment at cost	3 years	Diminishing value

(j) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(l) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
<i>Sales revenue</i>		
Sale of goods	308,788	231,632
Rendering of services	<u>98,539</u>	<u>508</u>
	<u>407,327</u>	<u>232,140</u>
<i>Other revenue</i>		
Interest income	73	484
Donations and grants	648,899	563,149
Other revenue	<u>5,654</u>	<u>4,336</u>
	<u>654,626</u>	<u>567,969</u>
	<u>1,061,953</u>	<u>800,109</u>

NOTE 3: OPERATING SURPLUS

Surplus before income tax has been determined after:

Materials and consumables used	250,597	177,654
Freight costs	5,219	4,291
Finance costs	5,607	-
Depreciation	5,981	9,293
Bad debts	405	471
Impairment on inventory	-	132
Foreign currency translation losses	5,907	7,265
Research and development costs	655	1,532
Employee benefits	407,791	294,404

NOTE 4: INCOME TAX

(a) Components of tax expense

Current tax	-	1,422
Deferred tax	<u>-</u>	<u>(1,357)</u>
	<u>-</u>	<u>65</u>

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 5: CASH AND CASH EQUIVALENTS		
Cash on hand	53,947	31,290
Cash at bank	<u>310,206</u>	<u>186,405</u>
	<u><u>364,153</u></u>	<u><u>217,695</u></u>
 NOTE 6: RECEIVABLES		
CURRENT		
Trade debtors	<u>65,031</u>	<u>26,774</u>
 NOTE 7: INVENTORIES		
CURRENT		
<i>At cost</i>		
Finished goods	<u>66,655</u>	<u>27,071</u>
 NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	6,243	5,896
Other current assets	<u>25,900</u>	<u>14,485</u>
	<u><u>32,143</u></u>	<u><u>20,381</u></u>
 NOTE 9: PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment		
Office equipment at cost	12,855	9,300
Accumulated depreciation	<u>(8,575)</u>	<u>(5,716)</u>
	4,280	3,584
Furniture, fixtures and fittings at cost	5,559	5,365
Accumulated depreciation	<u>(2,862)</u>	<u>(1,690)</u>
	2,697	3,675
Computer equipment at cost	7,755	3,485
Accumulated depreciation	<u>(4,390)</u>	<u>(2,443)</u>
	<u>3,365</u>	<u>1,042</u>
Total plant and equipment	<u><u>10,342</u></u>	<u><u>8,301</u></u>
	<u><u>10,342</u></u>	<u><u>8,301</u></u>

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 9: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Office equipment</i>		
Opening carrying amount	3,584	8,288
Additions	3,555	766
Depreciation expense	<u>(2,859)</u>	<u>(5,470)</u>
Closing carrying amount	<u><u>4,280</u></u>	<u><u>3,584</u></u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	3,675	5,260
Additions	194	199
Depreciation expense	<u>(1,172)</u>	<u>(1,784)</u>
Closing carrying amount	<u><u>2,697</u></u>	<u><u>3,675</u></u>
<i>Computer equipment</i>		
Opening carrying amount	1,042	1,272
Additions	4,270	1,809
Depreciation expense	<u>(1,947)</u>	<u>(2,039)</u>
Closing carrying amount	<u><u>3,365</u></u>	<u><u>1,042</u></u>
NOTE 10: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	35,194	1,435
Sundry creditors and accruals	<u>52,945</u>	<u>36,368</u>
	<u><u>88,139</u></u>	<u><u>37,803</u></u>
NOTE 11: PROVISIONS		
CURRENT		
Employee benefits	<u><u>9,158</u></u>	<u><u>1,916</u></u>

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY

ABN 96 161 067 492

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 12: BORROWINGS		
NON CURRENT		
<i>Unsecured liabilities</i>		
Amounts payable to:		
- Philanthropic investment entity	<u>150,000</u>	<u>50,000</u>

NOTE 13: RESERVES

Foreign currency translation reserve	<u>5,194</u>	<u>4,553</u>
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The foreign currency translation reserve is used to record the exchange differences arising on translation of a foreign entity.

NOTE 14: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:

Cash on hand	53,947	31,290
Cash at bank	<u>310,206</u>	<u>186,405</u>
	<u>364,153</u>	<u>217,695</u>

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the group	<u>114,176</u>	<u>61,432</u>

The names of directors who have held office during the year are:

Name	Appointment / resignation details
Scott Watkins	(appointed 4 September 2015)
Elena Bondareva	(appointed 3 May 2016)
Boris Couteaux	(appointed 3 May 2016 and resigned 12 January 2018)
Justine Jarvinen	(appointed 7 September 2016)
Alan Beattie	(appointed 7 September 2016)
Nathalie Kylander	(appointed 6 February 2017 and resigned 2 May 2017)

NOTE 16: INTERESTS IN CONTROLLED ENTITIES

(a) Controlled entities

The following are the controlled entities of Pollinate Energy Limited:

Controlled entities of Pollinate Energy Limited:	Country of incorporation	Ownership interest held by the group		Ownership interest held by NCI	
		2017	2016	2017	2016
		%	%	%	%
Pollinate Energy India Pvt Ltd	India	99.99	99.99	0.01	0.01

Ownership interests are the same as voting rights in shareholder meetings.

NOTE 17: MEMBERS' GUARANTEE

The parent is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the parent is wound up, the Constitution states that each member is required to contribute to a maximum of \$10 each towards meeting any outstandings and obligations of the parent. At 30 June 2017 the number of members was 5. The combined total amount that members of the parent are liable to contribute if the parent is wound up is \$50.

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2017, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2017, of the group.

NOTE 19: ENTITY DETAILS

The registered office of the group is:

Pollinate Energy Limited - Consolidated
Unit 1, 396 Clarendon Street
SOUTH MELBOURNE VIC 3205

The principal place of business is:

Pollinate Energy Limited
713 Brunswick Street
FITZROY NORTH VIC 3068

POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492

DIRECTORS' DECLARATION

The directors declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

Director: 

Scott Watkins

Director: 

Justine Jarvinen

Dated this 29th day of January 2018

**POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POLLINATE ENERGY LIMITED - CONSOLIDATED**

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Pollinate Energy Limited "the company" and its controlled entity, "the group", which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the group, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2013*.

Basis for Qualified Opinion

The auditors of the company and its controlled entity did not observe the counting of the physical inventories at the beginning or end of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 1 July 2016 or 30 June 2017. Since opening and closing inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of comprehensive income and the net cash flows from operating activities reported in the statement of cash flows.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* "ACNC Act" 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 ACNC Act, which has been given to the directors of the group, 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.

**POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POLLINATE ENERGY LIMITED - CONSOLIDATED**

Other Information

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act 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 group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

**POLLINATE ENERGY LIMITED AND CONTROLLED ENTITY
ABN 96 161 067 492**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF POLLINATE ENERGY LIMITED - CONSOLIDATED**

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



M J HARRISON
Partner



PITCHER PARTNERS
Melbourne

Date 30 January 2018