

the
Pioneer
development fund (aust) limited

A Company duly registered under the Pooled Development Fund Act 1992

ABN 81 103 118 761

ANNUAL REPORT

ENDED 30 JUNE 2017

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PARTICULARS

1. COMPANY PARTICULARS

DIRECTORS

Samuel Timothy Armytage
Robert Norman Parton
Roulse Benedict Mutsigwa

COMPANY SECRETARY

Samuel Timothy
Armytage

REGISTERED OFFICE

Suite 508, 343 Little Collins Street, Melbourne 3000

AUDITOR

Loren Datt

SOLICITORS

Armytage Legal Pty Ltd
Suite 508, 343 Little Collins Street, Melbourne VIC 3000

PRINCIPLE PLACE OF BUSINESS

Suite 508, 343 Little Collins Street Melbourne, VIC 3000

2. CHAIRMAN'S LETTER

Dear Shareholders

Throughout 2016 and 2017 the Board undertook analysis and assessment of a number of investment opportunities none of which was considered sufficiently appropriate or attractive to warrant acquisition.

At the time of writing the Board has been approached with a preliminary proposal to provide the company with access to substantial capital funding and an established pipeline of investments likely to be appropriate for the company. The Board continues to investigate this proposal and will report any developments in an update.

Last year (2016) the company was required to divest its 9% ownership interest in its only remaining investee, Optii Holdings Pty Ltd. That divestment arose in connection with Optii Holdings implementing a strategy to relocate its corporate status to the United States in pursuit of opportunities to access capital markets from within the US. In implementing that decision a *scrip for scrip* takeover was launched using a special purpose company incorporated in Delaware (US), pursuant to which shareholders were asked to retain their exposure in Optii through taking shares in this Delaware based company. Following extensive legal analysis and conferral with the PDF Board, Pioneer was advised it was prevented to participate in the transaction because of limitations imposed under the *Pooled Development Fund Act 1992*. Accordingly, Pioneer was forced to divest its ownership interest.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'Samuel Armytage', with a long horizontal flourish extending to the left.

Samuel Armytage, Chairman
Dated: 27 October 2017

DIRECTORS' REPORT

3. DIRECTORS' REPORT

Your directors present their report together with the financial statements of the company for the financial year ended 30 June 2017.

Directors

- Samuel Timothy Armytage
- Roulse Benedict Mutsigwa
- Robert Norman Parton

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

Company Secretary

Samuel Armytage was appointed 18 November 2014. Samuel has practiced as a solicitor for 17 years and has experience in mergers and acquisitions, ASX listing rules, corporations and securities, financial services, debt recovery, and corporate insolvency.

His qualifications include undergraduate degrees in law and commerce, Master of Applied Finance from University of Melbourne, and postgraduate diploma in investment from FINSIA. He is also accredited under the CFA Program to use the Chartered Financial Analyst designation (CFA) administered globally.

Principal Activities

The continuing activity of the entity is to invest in and support Australian companies using the taxation concessions applicable to such companies as ours registered under the *Pooled Development Funds Act 1992*. No significant change in the nature of these activities occurred during the financial year.

Dividends Paid or Recommended

No dividends were paid during the year, nor are any recommended at 30 June 2017.

Operating Results

The operations of the entity for the year returned an overall loss of \$6,511 in 2017. This is compared with a loss of \$22,365 in 2016.

Portfolio Summary

The company does not hold any investee shareholdings at the date of this report. See immediately below.

Investee Company Summary

The single remaining investee of the company (Optii Holdings Pty Ltd - formerly SLAP Holdings Pty Ltd) was compulsory divested in November 2015 for consideration of \$50,000. This divestment was necessary when the company was unable to participate in a restructure involving a scrip takeover of the investee by a Delaware (USA) domiciled company. Under guidance of the Venture Capital Board, it was deemed the investee company was no longer an eligible investment permitted by the *Pooled Development Fund Act 1992*.

Events after the Reporting Period

On 29 September 2017 the Board passed a resolution to implement a rights issue to raise up to \$900,000 for working and investment capital for the company. Details of the proposed rights issue will accompany this report.

Except expressed above, there has not arisen in the interval between the end of the reporting year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the entity, the results of those operations or the state of affairs of the company in future financial years.

DIRECTORS' REPORT

Future Developments, Prospects and Business Strategies

The Board is fully committed to accumulate a portfolio of valuable investee companies, and plans to work closely with those future investee companies to build portfolio value for the benefit of the company's shareholders. This vision and strategy will necessarily involve the company attempting to raise capital from existing shareholders and new investors.

Environmental Issues

The company's operations are not subject to any significant environmental regulations.

Information on Directors

Samuel Armytage

Non-Executive Director – Corporate Secretary

Director - Chairman

Samuel has practiced as a solicitor for 15 years and has experience in mergers and acquisitions, Australian Securities Exchange (ASX) Listing rules, corporations and securities, financial services, debt recovery, and corporate insolvency. Samuel has also worked contemporaneously as a qualified financial adviser including sourcing corporate finance to facilitate companies listing on the ASX.

Samuel qualifications include undergraduate degrees in law and commerce, Master of Applied Finance from University of Melbourne, and postgraduate diploma in investment from FINSIA. He is also accredited under the CFA Program to use the Chartered Financial Analyst designation (CFA) administered globally.

Robert Parton

Non-Executive

Robert has 25 years' experience in business management, project evaluation and capital-raising across sectors including real estate, finance, energy, manufacturing and retailing. As a qualified accountant (CPA) Robert brings valuable skills and experience to the Viculus team emphasis on deal sourcing, business planning, financial analysis and risk management, and deal execution.

Roulse Mutsigwa

Non-Executive Director

Roulse holds a Bachelor degree in Commerce and has entrepreneurial skills and experience.

Directors' Meetings and Attendances

During the financial year, one meeting of directors was held. Attendances by each director during the year were as follows:

	Number Eligible to Attend	Number Attended
Samuel Armytage	1	1
Robert Parton	1	1
Roulse Mutsigwa	1	1

Key Management Personnel Compensation

- Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Samuel Armytage	Executive Director & Company Secretary
Robert Parton	Non-Executive Director
Roulse Mutsigwa	Non-Executive Director

DIRECTORS' REPORT

b. Compensation Practices

The board's policy for determining the nature and amount of compensation of key management for the group is as follows:

The compensation structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The company seeks to emphasize payment for results through providing various cash bonus reward schemes. Specifically, the company has made provisions for executives to earn additional income based on a level of consulting fees earned. The objective of the reward scheme is both to reinforce the short and long-term goals of the company and to provide a common interest between management and shareholders.

The board determines the proportion of fixed and variable compensation for each key management personnel. Refer item c. Key Management Personnel Compensation below.

c. Key Management Personnel Compensation

No key management persons received or accrued compensation during the 2017 financial year.

d. Shares Issued on Exercise of Compensation Options

No options over unissued shares or interests in the company were exercised during or since the end of the reporting period.

e. Options and Rights Holdings

There were no options over ordinary shares held key management personnel of the company during the financial year.

f. Shareholdings

Number of Shares Held by Key Management Personnel in 2017

Name	Balance at beginning year	Received as compensation	Options exercised	Change	Balance at end of year
Samuel Armytage	-	-	-	-	-
Robert Parton	-	-	-	-	-
Roulse Mutsigwa	-	-	-	-	-
Total	-	-	-	-	-

g. Related Party Transactions

There were no related party transactions in 2017.

Indemnifying Officers or Auditor

No officers of the company were indemnified in 2017. The auditors are not indemnified.

Options

All options previously issued by the company were cancelled in 2014. No further options have been issued since the date of this report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

DIRECTORS' REPORT

Non-audit Services

No non-audit services were provided by the external auditors during the year ended 30 June 2017.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2017 has been received and is attached. It is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, appearing to read 'S Armytage', with a long horizontal flourish extending to the left.

Samuel Armytage, Chairman
Dated: 27 October 2017

AUDITOR'S INDEPENDENCE DECLARATION FOR THE YEAR ENDED 30 JUNE 2017

As lead auditor for the audit of The Pioneer Development Fund (Aust) Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Pioneer Development Fund (Aust) Limited.



LOREN DATT
Registered Company Auditor
Registration: 339204

Dated: 27 October 2017

FINANCIAL STATEMENTS

5. FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2017

		2017	2016
REVENUE	NOTE	\$	\$
Revenue		-	-
Total Revenues		-	-
Expenses			
Audit Fees		3,500	3,500
Legal and Professional Fees		-	10,364
Regulatory Costs		2,965	
Occupancy Costs		-	7,200
Other Expenses		46	1,302
Total Expenses		6,511	22,366
Net Operating Profit/Loss Before Taxes		(6,511)	(22,366)
Income tax expense		-	-
Other Income			
Interest Income		-	1
Total Other Income		-	1
Net Profit/Loss		(6,511)	(22,365)

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	NOTE	2017	2016
ASSETS			
Current Assets			
Cash and cash equivalent		9	59
Total current assets		9	59
Non-Current Assets			
Prepayments		8,182	8,182
Total Non-Current Assets		8,182	8,182
TOTAL ASSETS		8,191	8,241
LIABILITIES AND EQUITY			
Current Liabilities			
Trade Creditors	8	7,146	685
Total Current Liabilities		7,146	685
Non-Current Liabilities			
Loans		-	-
Total long-term liabilities		-	-
TOTAL LIABILITIES		7,146	685
NET ASSETS		1,045	7,556
EQUITY			
Issued Capital	9	5,058,961	5,058,961
Accumulated Losses		(5,057,916)	(5,051,405)
TOTAL OWNER'S EQUITY		1,045	7,556

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2017

		Year Ending	
		2017	2016
Cash at Beginning of Year		59	339
Cash at End of Year		9	59
		NOTE	
Cash Flow From Operating Activities		2017	2016
Cash receipts from			
	Proceeds on Investments	-	50,000
	Interest Received	-	1
Cash paid for			
	Suppliers and Employees	-	-
	General operating & admin expenses	(1,337)	(43,566)
	Wage expenses	-	(1,215)
	Interest	-	-
	Income taxes	-	-
Net Cash Flow from Operations		(1,337)	5,220
Cash Flow From Financing Activities			
Cash receipts from			
	Issuance of shares	-	-
	Borrowing	1,287	(5,500)
Cash paid for			
	Repayment of loans	-	-
	Dividends	-	-
Net Cash Flow from Financing Activities		1,287	(5,500)
Net Increase/Decrease in Cash held		(50)	(280)
Cash and Cash Equivalants At Beginning of Year		59	339
Cash and Cash Equivalants At the End of Year		9	59

The accompanying notes form part of these financial statements

FINANCIAL STATEMENTS

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

	Share Capital Ordinary	Accumulated Losses	Total
Balance at 30 June 2015	5,058,961	(5,029,040)	29,921
Loss for the year	-	(22,365)	(22,365)
Balance at 30 June 2016	5,058,961	(5,051,405)	7,556
Loss for the year	-	(6,511)	(6,511)
Balance 30 June 2017	5,058,961	(5,057,916)	1,045

The accompanying notes form part of these financial statements

6. NOTES TO THE FINANCIAL STATEMENTS

The financial statements and notes represented those of The Pioneer Development Fund (Aust) Limited as an individual entity. The company is an unlisted public company, limited by shares, incorporated and domiciled in Australia and is a registered Pooled Development Fund under the *Pooled Development Funds Act 1992*.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The entity is a for-profit entity for the purposes of preparing the financial statements.

Australian Accounting standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

A number of new and revised standards are effective for annual reporting periods beginning on or after 1 July 2013. The adoption of these standards has not resulted in any adjustments to the amounts in the financial statements.

The financial statements 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.

a. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realized in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

FINANCIAL STATEMENTS

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of assets is calculated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for depreciable assets are:

- Plant and equipment 10% - 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

c. **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealized gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

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 stated at amortized cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortized cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortization.

Derivative instruments

The Pioneer Development Fund (Aust) Limited does not use derivative instruments.

FINANCIAL STATEMENTS

Fair value

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.

Impairment

At each reporting date, the company assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

d. Impairment of Assets

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e. Provisions

Provisions are recognised when the company 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.

f. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of two months or less.

g. Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Proceeds from the sale of investments are recognised as revenue in the Income Statement in the year in which the sale occurs.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

h. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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 balance sheet are shown inclusive of GST.

I. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

j. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

FINANCIAL STATEMENTS

j. Critical Accounting Estimates and Judgments (cont)

Key Estimates — Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgments — Investment Valuation

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost less provision for impairment based on the Directors assessment of the future ability of those investee companies to raise further development funds and achieve commercial revenues.

k. New Accounting Standards for Application in Future Periods

Various standards and interpretations have been issued at the reporting date but are not yet effective. The Directors have performed their assessments and found that when adopted, these standards and interpretations are unlikely to materially impact on the financial information presented.

NOTE 2: GOING CONCERN

The Company recorded a loss for the year of \$6,511 compared with a loss of \$22,365 in 2016.

During the year there was no revenue earned, the loss relates to expenditure incurred in operating the company.

At 30 June 2017 the company had cash on hand of \$9 (2016: \$59).

As at the date of this report, the company has cash on hand of \$75

Given the above, the company's ongoing operations are dependent on the recapitalisation of the company. The directors will finance the creditors if such situation arises.

Accordingly, the financial statements have been prepared on a going concern basis, which assumes that the company will realise its assets and extinguish its liabilities in the normal course of business. Ongoing operations are dependent upon the matters described previously. Should the company not reduce net expenditure as required, there is significant uncertainty that it will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary, should the company not continue as a going concern.

NOTE 3: REVENUE

	2017	2016
	\$	\$
Revenue	-	-
Profit on sale of investment	-	-
	-	-

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION

- a. Names and positions held of key management personnel in office at any time during the financial year are:

Key Management Person	Position
Samuel Armytage	Executive Director
Robert Parton	Non-Executive Director
Roulse Mutsigwa	Non-Executive Director

- b. Key Management Personnel Compensation

FINANCIAL STATEMENTS

No remuneration was paid to key management personnel in 2017.

NOTE 5: AUDITORS' REMUNERATION

	2017	2016
	\$	\$
Remuneration of the auditor of the company:		
Audit or review of financial reports	3,500	3,500
Other services	-	-
	3,500	3,500

The auditor for the 2016 financial year was Loren Datt and Associates.

NOTE 6: CASH AND CASH EQUIVALENTS

	2017	2016
	\$	\$
Cash at bank and in hand	9	59

The effective interest rate on short-term bank deposits was approximately 0% at 30 June 2016 (30 June 2016: 0%).

NOTE 7: TRADE AND OTHER RECEIVABLES

	2017	2016
	\$	\$
Trade Debtors	8,182	8,182
	8,182	8,182

This trade debt relates to fees paid to Macmillan Vossler Pty Ltd on a contingency basis to source appropriate investments for the company on or before 30 June 2016. No appropriate investments were sourced within the expired period. The amount is repayable to the company on demand.

NOTE 8: FINANCIAL ASSETS

	2017	2016
	\$	\$
Available-for-sale financial assets:		
Shares in unlisted corporations	-	-

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities at recoverable value. There are no fixed returns or fixed maturity date attached to these investments. The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost.

The single remaining investee of the company (Optii Holdings Pty Ltd - formerly SLAP Holdings Pty Ltd) was compulsory divested in November 2015 for consideration of \$50,000. This divestment was necessary when the company was unable to participate in a restructure involving a scrip takeover of the investee by a Delaware (USA) domiciled company. Under guidance of the Venture Capital Board, it was deemed the investee company was no longer an eligible investment permitted by the *Pooled Development Fund Act 1992*.

FINANCIAL STATEMENTS

NOTE 8: TRADE AND OTHER PAYABLES

	2017	2016
	\$	\$
Trade Creditors	13,403	7,275
Short-term Loan from related party	1,252	(35)
Australian Taxation Office (GST refund)	(7,509)	(6,555)
	7,146	685

NOTE 10: ISSUED CAPITAL

7,265,637 (2015: 7,265,637) fully paid ordinary

	2017	2016
	\$	\$
	5,058,961	5,058,961

Ordinary Shares

There has been no movement in share capital for the 2017 and 2016 financial years. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital Management

Management controls the capital of the company in order to provide shareholders with adequate returns and ensure that the company can fund its operations and continue as a going concern.

The company's capital includes the use of ordinary share capital and financial liabilities, supported by financial assets. The capital structure of the company does not include the use of debt facilities.

As a registered Pooled Development Fund, the company complies with all provisions regulating the capital structure and activities as required under the *Pooled Development Fund Act 1992*.

Management manages the company's capital by assessing the company's financial risk and adjusting the capital structure in response to changes in these risks and in the market. These responses include the management of operational expenditure, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the company since the prior year. This strategy is to ensure the continued operations of the company.

NOTE 11: CASH FLOW INFORMATION

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH LOSS AFTER INCOME TAX

	2017	2016
	\$	\$
Profit/Loss after income tax	(6,511)	(22,365)
Non-cash flows in loss		
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
Increase/(decrease) in Prepayments	-	(8,182)
Increase/(decrease) in Trade Receivables	-	50,000
Increase/(decrease) in sundry payables & accruals	5,174	(19,733)
	1,337	(280)

FINANCIAL STATEMENTS

NOTE 12: FINANCIAL RISK MANAGEMENT

Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, investments, accounts receivable and payable and loans to and from investees.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2017	2016
	\$	\$
Financial Assets		
Cash and cash equivalents	9	59
Loans and Receivables	8,182	8,182
Available for sale financial assets		-
Total Financial Assets	8,191	8,241
Financial Liabilities		
Trade and other payables		
Trade Creditors	7,146	685
Total Financial Liabilities	7,146	685

Financial Risk Management Policies

The Board of Directors, amongst other issues, is responsible for monitoring and managing the financial risk exposures of the company. The Board monitors the company's financial risk management policies and exposures and approves all financial transactions. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, financial risk and interest rate risk. The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, while minimising any potential adverse effect on financial performance. This includes the review of credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are liquidity risk, credit risk and price risk.

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company's material credit risk exposure is related to loans made to investee companies as disclosed in the balance sheet and Note 10 to the financial statements.

Price risk

The company is not directly exposed to any material market or commodity price risk.

Net Fair Values

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost less impairment.

FINANCIAL STATEMENTS

NOTE 13: RELATED PARTY TRANSACTIONS

There were no related party transactions in 2017.

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

On 29 September 2017 the Board passed a resolution to implement a rights issue to raise up to \$900,000 for working and investment capital for the company. Details of the proposed rights issue will accompany this report.

Except stated above, there has not arisen in the interval between the end of the reporting year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to significantly affect the operations of the entity, the results of those operations or the state of affairs of the Company in future financial years.

NOTE 15: CAPITAL AND LEASING

There is no capital or leasing commitments requiring disclosure in the financial report.

DIRECTORS' DECLARATION

7. DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, comprising Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements, are in accordance with the *Corporations Act 2001* and:
 - A. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - B. gives a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company;
2. In the directors' opinion 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 declaration is made in accordance with a resolution of the Board of Directors.

Yours Sincerely

A handwritten signature in blue ink, appearing to read 'Samuel Armytage', with a long horizontal flourish extending to the left.

Samuel Armytage, Chairman
Dated: 27 October 2017

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE PIONEER DEVELOPMENT FUND (AUST) LTD

Opinion

We have audited the financial report of The Pioneer Development Fund (Aust) Ltd. (the Company), which comprises the statement of financial position as at 30 June 2017 the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report of The Pioneer Development Fund (Aust) Ltd, is in all material aspects, in accordance with *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards, 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 Company in accordance with 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 responsibilities in accordance with Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to those governance of the company, would be in the same terms if given to those charged with governance at the time of this audit report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the company has made a net loss of \$6,511 during the year ended 30 June 2017 and, as of that date, the Company's total assets exceeded its total liabilities by \$1,045. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of those Charged with Governance for the Financial Report

Those charged with governance are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 Company'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 those charged with governance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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 those charge with governance 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.



LOREN MICHELLE DATT
Registered Company Auditor
Registration: 339204

Dated: 27 October 2017

9. COMPANY INFORMATION

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