



Annual Financial Report

Year ended
30 June 2017



greatcellsolar

Global leaders in hi-tech solar

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CORPORATE DIRECTORY

Directors

Mr Ian Neal – Non-Executive Chairman
Mr Richard Caldwell – Managing Director
Mr Gordon Thompson – Non-Executive Director
Mr Robert McIntyre – Non-Executive Director

Company Secretary

Mr Kim Hogg

Principal Place of Business

11 Aurora Avenue
Queanbeyan, New South Wales, 2620

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Facsimile: +61 2 6299 1698

Registered Office

3 Dominion Place
Queanbeyan, New South Wales, 2620

Telephone: +61 2 6299 1592
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Auditor

Grant Thornton Audit Pty Ltd
Level 17, 383 Kent St.
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
Perth, Western Australia, 6000

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Stock Exchange

Australian Stock Exchange Limited
Level 40, Central Park,
152-158 St George's Terrace
Perth, Western Australia, 6000

ASX Code: GSL

Chairman's Letter

Dear Greatcell Solar shareholders,

Our technology plan for FY2017 was to improve the efficiency and durability of our revolutionary PSC cells at scale while designing the manufacturing plant for our pilot manufacturing line and to further our collaborations in various parts of the world.

In addition, we had been considering a change of name for some time as Dyesol reflects the original liquids based technology which has rapidly evolved and has been replaced with perovskite based materials.

The Managing Director will report in some detail on our achievements during the year and I will focus on our strategy.

Followers of Greatcell Solar will know that we have always had a "capital light" business plan.

Our aspiration is to be and to remain the leader in the commercialisation of this technology. This means that our resources are focused on the science, rather than on manufacturing, marketing, distribution and sales.

We have continued to scour the world for likely commercialisation partners which have the appetite, infrastructure and vision to partner with us on the basis that we provide the technology and they provide the business infrastructure and much of the capital required for success. In-country government can also play an important role here.

Commercial manufacture requires a significant investment in manufacturing, marketing and promotion, and distribution and our view has always been that it will be better to develop a compelling technology which is capable of fitting into established major industrial partners existing infrastructure.

This remains our strategy. During the year we have had many discussions with various potential partners and we feel that we are at last gathering together a number of collaborators which can help us achieve our ambitions whilst they leverage their own capability.

During the coming year we look forward to reporting on further developments with commercial partners in various parts of the world as well as progress on the technology and development of our own pilot manufacturing facility.

Our ambition is to have one major hub for commercial development in Australia (probably to be located in Victoria), one in China and one in Europe or nearby.

The right commercial partners combined with our technology and business model ensures we all work to our strengths and leverage each other's positions.

Yours faithfully,



Ian Neal
Chairman
Greatcell Solar

Operations Review

Summary

The coming financial year promises to be transformational for Greatcell Solar. The Major Area Demonstration project is relatively capital intensive, however it will significantly de-risk the scaling of the technology as we push inexorably towards mass production. Moreover, based on the exciting cost projections of the Perovskite Solar Cell technology, it should prove to be sufficiently disruptive to open a multitude of global commercial opportunities. We are relentlessly determined to bring value to Greatcell Solar shareholders through the monetisation of the considerable IP we have created and by protecting ourselves from all potential financial and technical risks.

Industry and Market Conditions

In a year far exceeding market expectation, CY2016 witnessed a 50% year-on-year increase of 76GW in global installed PV capacity. Total global capacity is now 305 GW, up from just 50GW of installed capacity in 2010.

The insights and implications of such stellar growth are both facile and complex. China (34.2GW) is leading the charge, with an apparent motivation to meet the challenge of the Paris Climate Change Agreement of 2015. In winter, in particular, the dark blanket of acrid smoke lying low over the capital, Beijing is a telling reminder of the urgency of the need to find alternatives to polluting fossil fuels. It is now so bad that the politicians continue to escalate the importance of cheaper production and strong take-up. That said, it is considered likely that Chinese financial subsidies and assistance will temper in the near future taking some of the pace out of the rapid growth.

The United States also experienced strong growth in PV installations. Subsequent to that, however, the Trump administration has announced its withdrawal from the Agreement. Our view is that this will have little impact on incremental growth, especially with so many individual states reaffirming their commitments to energy renewables in clear contradiction of the President's actions. The reaction by the mayor of Pittsburgh to Trump's actions was highly amusing. Since we began this exciting journey, it is abundantly clear that there is an overwhelming support for the transition to renewables and political dogma and the financial influence or vested interest of the coal, oil and gas industries cannot dim the determined will of the people.

At home, the politics of renewable energy was relatively quiet. The states have been quietly assuming a greater role in the debate through improved financial support, ensuring that healthy progress is achieved. While Australia's installed capacity is small by world standards at 5.44 GW (Climate Council of Australia) residential roof top uptake is world leading. The improving availability of affordable battery storage can only add to the trend. Solar is also contributing to the broader economy, with over 8,000 people now reported to be employed in the industry.

Perovskite Solar Cell Research and Development

The Technical Advisory Board, chaired by Professor Michael Grätzel, supervised and approved a number of important quarterly technical milestones during the year. Notable were independently validated thermal cycling and UV stability milestones, which are important achievements in working towards IEC 61215 accreditation. These demonstrate inter alia that successful inorganic material sets are being introduced in order to industrialise the highly promising Perovskite Solar Cell (PSC) technology. Industrial efficiencies were also elevated to 13% for inorganic material sets which is very promising and these translate into very competitive projected panel costs (\$/Watt-peak, or \$/Wp) and levelised cost of electricity (LCOE).

FY2017 was essentially a story of technology scaling after significant PSC development activity in the preceding 3 years. Industry history teaches us that in scaling there is considerable technology risk and, more so, financial risk in transitioning from the laboratory to the factory ("lab to fab"). Hence, we have taken the more recent decision to break up the process by introducing the Mini-Major Area Demonstration (Mini-MAD) prototype phase.

Mini-MAD is a major risk mitigation exercise with relatively minor additional capital investment allowing us to gain invaluable scaling knowledge and experience. This has recently been introduced to the Commercialisation Schedule. Mini-MAD is working at a scale of 450mm x 650mm on glass and is vastly larger than any other panel development activity being conducted in the international R&D community. When we are wholly satisfied with the results of the Mini-MAD project we will invest and scale to 600mm x 1200mm or larger. Phase 3 of the VDL enabling Technologies Group collaboration, known as Realisation and Testing, is currently being planned in consultation with Australian industry and key academic partners, such as CSIRO.

Greatcell Solar is developing 2 substrate specific material sets or architectures, one for glass and one for metals or flexibles, the latter having inherent additional technical challenges. It is pleasing, however, that both are progressing well providing alternatives for scale-up as performance characteristics are assessed. The challenge for translation is to preserve as much laboratory efficiency as possible during scaling up, particularly as cheaper, more robust, materials are substituted, one for the other.

Developing an entirely new solar PV technology has multiple avenues of investigation beyond cell, module and panel performance. An important example is the performance testing protocols, which Greatcell Solar has been instrumental in developing. We are now testing to the more exacting Maximum Power Point Tracking (MPPT) standard. CSIRO and NREL have worked with us to also adopt this protocol and this can sometimes explain misleading academic results where a less exacting protocol is used which tends to overstate performance.

Operations Review

Intellectual Property

Greatcell Solar is an original licensee of the École Polytechnique Fédérale de Lausanne (EPFL) in Switzerland. The licence in perpetuity provides Greatcell Solar with IP rights in relation to all patented technology invented by the EPFL in relation to both Dye Solar Cells (DSC) and PSC. Greatcell Solar commissioned an independent freedom to operate study by the UK IP consultancy, Stratagem which has confirmed our rights to IP necessary to operate in the field of DSC/PSC PV and to progress our business plans to full commercialisation. DSC is still relevant to our business to the extent we continue to supply high grade materials for academic and industrial R&D. This study was subsequently validated by a separate Griffith Hack study which was conducted at the behest of government grant bodies as part of due diligence. Greatcell Solar continues to pay royalties to the EPFL in relation to materials produced and sold which are covered by their active patents.

The EPFL was granted international patent no. WO20161207775 [FUNCTIONAL HOLE TRANSPORT MATERIALS FOR OPTOELECTRONIC AND/OR ELECTROCHEMICAL DEVICES]. It also augmented its provisional portfolio of PSC relevant patents – European patent pending PCT/IB2017/051 538 [HIGH EFFICIENCY LARGE AREA PEROVSKITE SOLAR CELLS AND PROCESS FOR PRODUCING THE SAME].

Greatcell Solar has a suite of its own patents which significantly supplement the IP registered by the EPFL. This year it advanced its patent covering inorganic hole-transport-materials to all relevant major jurisdictions.

In addition to registered IP, Greatcell Solar is increasingly formally registering internal IP to ensure it has strong protection for all its materials, processes and know-how where practicable. This year 5 invention capture documents (ICDs) were registered internally, demonstrating strong invention in both new processes and device architectures, as well as documentation of a range of material specifications, process instructions, and test instructions which form the base of a suite of manufacturing IP for production of PSC technology. All staff are financially incentivised to create and capture innovation for the benefit of the Company.

During the year, Greatcell Solar entered a scientific collaboration with Flinders University of South Australia. This is to explore possible performance enhancement utilising novel graphene based technology. Greatcell Solar will have ownership of any PSC specific inventions made during the collaboration. Also during the year, Greatcell Solar reignited its long-term relationship with the Singaporean Nanyang Technological University (NTU) in the form of a Research Collaboration Agreement (RCA). Under the terms of the RCA, developed IP on the high-stability PSC technology investigated is jointly owned by both NTU and Greatcell Solar, with preferential commercial exploitation rights for Greatcell Solar.

Partnering with Solliance provides Greatcell Solar access to its IP portfolio (33 patent applications).

Greatcell Solar Industries & Greatcell Solar Australia

Greatcell Solar Industries is the principal employer in the Greatcell Solar Group. Greatcell Solar Australia currently engages in chemical production and materials scale-up (Faunce Street) and device development and scale-up (Aurora Avenue). Dominion Place, in close proximity to the other two centres of activity, conducts finance, administration and sales.

The Chief Technology Officer (CTO), Dr Damion Milliken, has global responsibility for all core R&D activity, including overseeing projects in Manchester, Portugal, the Netherlands, Singapore and Switzerland. Dr Milliken reports directly to the Managing Director and is responsible for implementation of the Technology Development Plan and its regular review. Dr Hans Desilvestro, the Chief Scientist, operates out of Lausanne where we co-locate at EPFL. He runs a small, but highly focused, SWAT-CH team which works closely with our licensor and can rapidly process new ideas and hypotheses.

Mr Sung IL Lee is Global Head of Glass, responsible for the deployment of PSC on glass substrates and Mr Chris Moore, Global Head of Metals, based in Manchester, U.K., is the equivalent for metal or flexible substrates. They have oversight of the MAD/VDL and Solliance relationships, respectively. During FY2018, Mr Lee will oversee the fit-out of a hi-tech prototyping centre intended to be established on site at Clayton, where CSIRO is also situated.

Chemical production is the responsibility of Dr Yanek Hebtig. Under his careful management, Greatcell Solar has consolidated its pre-eminent position as the world's leading producer of specialty DSC and PSC chemicals. Greatcell provides the highest volume and largest range of chemicals in our field and has a blue riband client list including Stanford University, Oxford University, EPFL, CSIRO, UCLA, KRICT, Swansea University and Fraunhofer of Germany.

Dr Luca Sorbello co-ordinates global sales of materials and equipment from an office in Rome. Sales grew strongly again during FY2017 at between 10% and 15% and the positive trend is expected to continue. Greatcell sells research grade chemicals into diverse countries such as China, Chile, Indonesia, Iran and Iraq, thus keeping abreast of new PSC research activity. We are regularly refreshing our product catalogue with new materials. Dr Sorbello can be found at the Greatcell Solar stand at leading PSC conferences around the world promoting our products.

R&D activity in Australia includes regular interaction with CSIRO (Newcastle and Clayton) and the Australian National University. Greatcell Solar is also a Collaborating Partner in the Australian Centre for Advanced Photovoltaics (ACAP), led by the University of New South Wales (UNSW), and the Company additionally participates as an industrial partner in UNSW R&D projects relevant to our future business expansion opportunities, for example PSC building integrated PV (BIPV). In such projects the Company has preferential IP access rights.

Operations Review

Business and Corporate Development

We continued our more recent strategy during the past 12 months of allowing the technology progress to do the talking. Without robust technology, framed in prudent financial risk management, all the hand holding in the world will not deliver progeny. This also generates fewer headlines but, hopefully, longer and more productive relationships.

The CRC-P grant of \$2.5 million from the Australian Department of Industry is a strong foundation for new business opportunity. Specifically, it is focused on scale-up and commercialisation. It brings together entrepreneurs, like ourselves, the national flag bearer for R&D, CSIRO and industry, CSR Building Products/Viridian Glass. Contributions are defined by a participants' agreement with the lion's share of funding attributable to Greatcell Solar, clearly indicating the weight of capability that each partner is bringing to the table in this field.

The CSIRO relationship runs deep with a letter of intent (LOI) having also been signed during the year. The LOI was entered into to help improve and optimise research funding and focus to escalate our joint chances of success. This CRC-P project will help further fuel our ambition to apply our revolutionary PSC PV technology to large area glass. Importantly, this project dovetails into other grants, such as an application for A\$6M in grant funding which was recently approved by the ARENA Board for negotiation of terms with Greatcell Solar. These activities support prototype development and can ultimately be leveraged for multiple international commercialisation opportunities.

In China we have taken small steps. On the one hand, we are cautious in protecting our IP: on the other, Chinese industry has so much to teach the world in solar manufacturing and market commitment. There is no doubt that the 3rd generation of PV technology is arousing considerable interest in China as a growing market place is failing to deliver profits commensurate with investment in the mature industry of silicon PV.

Tasnee were also visible during the year with a planned divestment of Cristal, their titanium dioxide subsidiary, to the US public-listed company, Tronox Inc. Tasnee subsequently made a clarifying statement in relation to its Greatcell Solar shareholding which sees them continuing to work strategically with us:

"Tasnee invested in Greatcell Solar in 2013 in support of its revolutionary, 3rd generation solar technology. It is currently considering ways to further develop and commercially exploit that investment interest, both in Saudi Arabia and other parts of the world. The 30% Greatcell Solar shareholding is not subject to the current sale process of its subsidiary, Cristal to Tronox of the United States."

Solliance

The Solliance collaboration made excellent progress throughout the year and delivered handsomely on its technical milestones. Industrial performance of its P-I-N architecture is at 14% with further improvement expected. This is suited for opaque substrates such as metals and flexibles and is again attracting strong commercial interest. The next 12 months will be more focused on stability testing in quest of IEC 61215 which should rapidly advance commercialisation prospects for PSC on steel. Initial underpinning durability testing has provided confidence that the core materials and cell designs possess the intrinsic stability to fulfil these requirements. The technology is particularly suited to BIPV applications, especially in geographies where the real-world irradiance is region specific and generally of lower overall intensity.

As Greatcell Solar progresses towards the commercialisation of its steel BIPV product concept, technical focus is shifting to the validation of system integrity at cell and module level. Concurrently, it is gaining an increasing capability in large area and high throughput manufacturing processes. This was demonstrated in March 2017 through the announcement of World record roll-to-roll processed cell performance levels of 12.6%. The further optimisation of processes and module designs will be a key focus in FY2018.

The combined Greatcell Solar UK and Solliance activities on P-I-N based flexible PSC devices specifically intended for BIPV applications represents the single largest effort anywhere to bring such products to market. This embodies our conviction that the massively untapped commercial rooftop PV market can best be exploited via Greatcell Solar's PSC technology platform in conjunction with low cost manufacturing processes.

Technical milestones for the coming year have been formulated to demonstrate the viability of materials, device architectures, module designs and manufacturing processes. In so doing, we intend to ensure first mover advantage in what we know has huge commercial potential. The development of key partnerships that provide routes to market for this technology will also be a key aspect of forthcoming Business Development priorities, and significant progress is already underway.

Supplementing Greatcell Solar UK resources, Solliance is staffed by 2 Greatcell Solar employees and enjoys strong support from national academic institutions, such as IMEC of Belgium and the Holst Centre in the Netherlands.

Operations Review

VDL Enabling Technology Group (ETG)

The VDL Group is focused on precision, high throughput engineering. It makes Mini cars for BMW and satellites for the space industry, amongst many other activities in a company that turns over in excess of €3 billion.

The VDL ETG collaboration on scale-up, prototyping and piloting is a critical piece in our technical risk management strategy.

It brings critical engineering expertise and confidence in planning, preparation and delivery for the MAD prototype project. Furthermore, it provides a framework for support and investment by strategic investors and government. This is evident in our dealings in the U.K., the EU, China, Turkey and Australia.

VDL ETG is a world leader in automated processing and will work closely with us in transitioning through pre-production to mass production.

Printed Power

Printed Power (PP) is our Round A, minority investment in a NTU start-up, with a primary focus on the commercialisation of integrated solar cell and printed battery technology. PP has completed proof of concept and initial prototyping of the self-powered, wireless sensor technology and research to date indicates a significant market potential for the technology.

PP's go-to-market strategy is to accelerate the designs and development activities (Hardware, Firmware, Cloud Integration, Apps), maximise customer acquisition, building right solution partners to build state of the art user experiences (UX) as part of the complete solution - wireless sensing hardware, high-end gateways, data analytics (basic), software APIs, mobile Apps and 3D data visualisation, and last, but not the least, engaging the mass manufacturing partners. Over the next 6 months, the first two MultiSense wireless sensing products are targeted for the three top-ranking Internet of Things (IoT) market verticals, namely urban buildings, mobility and transportation and industrial supply chain and logistics and deployment of up to 1000 sensors in the field is targeted.

Greatcell Solar's current minority ownership of 25% will dilute to 16% on the next round of funding of approximately \$600,000 and at a significantly higher valuation. We will not participate in the funding round.

Marketing and Promotion

At the time of writing, the rebranding exercise from Dyesol to Greatcell Solar is nearing completion. This is an immense task. It principally involves IP, IT, contractual, ASIC, ASX listing and marketing actions. The managing director, investor relations manager and head of sales are the leading executives involved, but it has touched almost all members of the Company, both at home and abroad. We are very pleased with the outcomes so far and have been advised throughout by consultants, BrandQuest.

The action to rebrand is the result of aligning more closely the Company's activities and its name and is a symbol of its transition from R&D to a commercialisation focus. Greatcell is a name that has existed within our international suite of subsidiaries since the 1990s and was originally adopted as an eponymous gesture to the technology inventor, Professor Michael Grätzel of the EPFL in Switzerland for our Swiss subsidiary.

The website, which is both an investor relations and ecommerce portal, is being refreshed and upgraded for functionality. This will improve e-commerce functionality to latest standards for international transactions and provide a better investor experience with superior access to share information and charts.

In terms of adding to the many local and international technology awards the Company has received, FY2017 saw a Top 5 placing in the Australian Financial Review (AFR) Inventium Innovation Awards. This is hotly contested by over 1,000 Australian companies and is testimony to the progress Greatcell Solar is making with commercialising its revolutionary 3rd generation PV technology.

We have recently released a new materials and equipment catalogue adopting the new branding and adding new products for sale. The feedback we received in our 2017 customer survey has also allowed us to sharpen our pricing and provided important input for our website upgrade. We expect this to fortify our pre-eminent position as the leading supplier of materials and equipment in the fields of PSC and DSC.

Elsewhere, our tweeting, blogging and investor updates means that we are keeping closely in touch with our key stakeholders.

IR Highlights:

- Appointment of a new Investor Relations Manager, Marine André.
- Regular activity on Greatcell's social media accounts on Twitter @Greatcell (English), @Greatcell Ltd (German), and LinkedIn.
- Managing Director, Richard Caldwell, attended investor conferences in Sydney, Melbourne and Brisbane. He also continued his quarterly updates in international webcasts.
- A new website capturing the new branding and improved functionality is expected to be released in September 2017.

HOPV17 Conference Highlights:

- Greatcell Solar was involved as the main Sponsor of AP-HOPV17 & HOPV17
- Luca Sorbello, Greatcell's Global Sales and Marketing Manager promoted Greatcell Solar's latest range of materials to existing and prospective customers resulting in increased interest and sales.
- GSL presented a seminal paper at HOPV17 demonstrating the performance of PSC modules in the outdoors. This data showed a higher energy yield than Si-PV and also a better temperature coefficient.

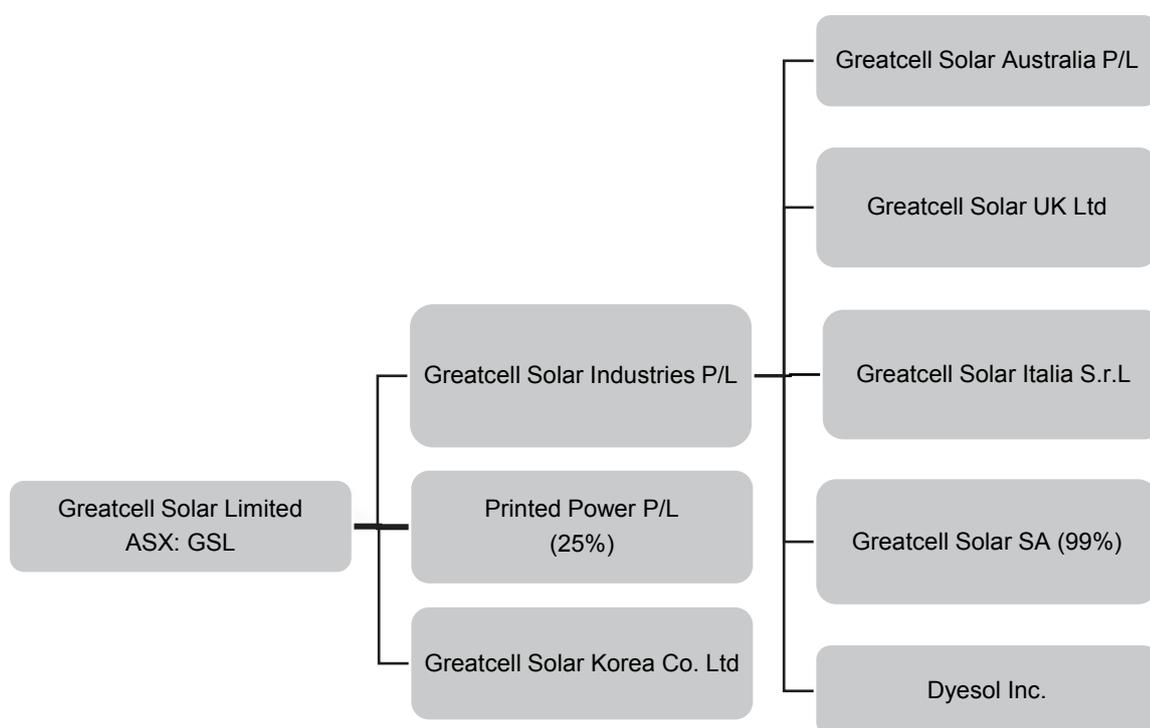
Operations Review

Corporate Structure

Greatcell Solar is a global company and its structure is the result of careful planning to maximise opportunities, particularly in funding, recruitment, partnership and taxation, in the different countries in which it chooses to operate. Dyesol Automotive Bavaria and Dyesol East Asia Pte Ltd have recently been decommissioned and Dyesol Inc. is also being prepared to close. All actions are taken to maximise future opportunities or eliminate cost where ongoing presence is not required. The board and senior management regularly review corporate structure to ensure it meets the Company's strategic needs.

In other jurisdictions, namely Italy, Switzerland and the U.K., activity was maintained at the subsidiary level due to existing commitments and availability of government R&D subsidies. The new roll-to-roll steel substrate activity at Solliance in Belgium, Germany and The Netherlands is being supervised out of the U.K. Importantly, because of our international presence, we continue to attract government funding in both Europe and the U.K.

Each company is incorporated within the country shown and is required to operate within the laws of the country of incorporation. Typically, employees enjoy the protection of the laws of the country in which they work. However, there is also an attempt to extend policies emanating from head-office across the entire Greatcell Solar organisation where appropriate.



Greatcell Solar Staff

Greatcell Solar is fortunate to have a deep pool of internal talent as well as being able to attract and recruit some of the best accomplished executives from around the world. We continue to build a world class team and this year promoted two additions to our executive team. This achieves better gender balance, but, more importantly, is in recognition of professional contribution to the Company and strong individual performance.

We are proud to employ a diverse and dedicated array of people. Our 58 employees are predominantly located within Australia, with others operating from the United Kingdom, the Netherlands, Belgium, Switzerland, Korea and Italy. We boast 19 nationalities amongst our employees and annual staff turnover was less than 5%. Our core Executive team are all long-term employees. We continue and strive towards an inclusive culture and supportive environment by reinforcing our recruitment practices, our induction program, and enabling a culture of valuing and respecting others' diverse needs.

Greatcell Solar is proud of its strong female leadership representation across many areas; including Work Health and Safety, executive, engineering and science.

Operations Review

The success and achievements of our people are announced and celebrated each year with our Outstanding Employee Awards. These awards are highly successful and exemplify our values, inspiring others to do the same through their actions. Providing opportunities for personal growth remains at the forefront of our strategic priorities to help develop our people. Managers and employees are encouraged and supported to participate in their career development, to learn new skills, harness their expertise and share their knowledge and ideas with their team members. Our performance development process is designed to nurture and support all employees to excel and meet their career goals and performance expectations.

We continue to build on our Company's culture and our philosophy is to celebrate our people and to keep them safe. Our Work Health and Safety (WHS) remained a priority throughout the 2017 financial year, to ensure our Company upholds best practice and the highest possible standards. As a result, there was no serious injury, illness or dangerous incident that required notification to the regulator WorkCover NSW at any time.

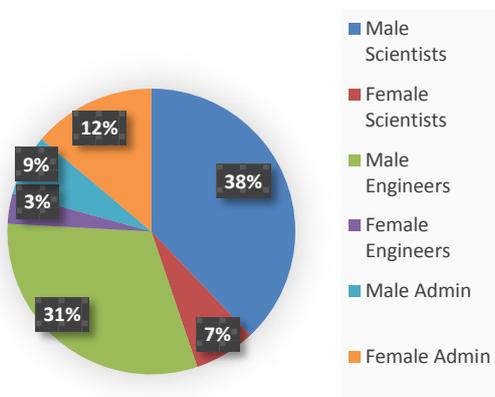
Our WHS is managed in accordance with the statutory provisions of the Work Health and Safety Act 2011. Greatcell Solar's Work Health and Safety Committee meets on a monthly basis to provide a mechanism for consultation, coordination and communication between employees and management. The Committee monitors the effectiveness of the WHS Management system, considers injury prevention initiatives and promotes the achievement of improved health and safety outcomes. During the reporting period:

- All WHS related policies and procedures were reviewed and updated;
- WHS Risk Register Management Procedure was developed;
- Managing the Risk of Falls guide information was provided;
- An Emergency Committee was implemented;
- First Aid Officer and Health and Safety Representation, Forklift Training and WHS Management training provided;
- Influenza vaccinations information provided and offered onsite to all employees.

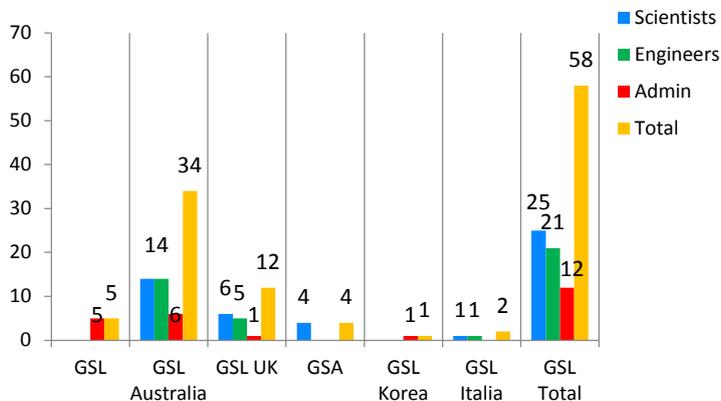
Awareness of employee health and wellbeing continues to be strongly encouraged; gym equipment is provided and lunchtime walks are promoted. Mountain bike riding team participation in local events includes the famous Mont 24 Hour Race.

All staff and executives become eligible for participation in the annual share Performance Rights Plan (PRP) after one year's service. This supplements cash based remuneration. Vesting conditions are closely aligned with meeting key performance objectives. It is also aimed at long-term employee retention.

Employees - Role & Gender



Employees – Number & Location



Sustainability at Greatcell Solar

As an Australian clean-tech company, developing clean energy solutions for global energy needs, Greatcell Solar demonstrates a strong commitment to sustainability through our primary purpose - the commercialisation of PSC technology - and through our efforts towards environmental sustainability, and corporate social responsibility in our daily business operations.

Greatcell Solar is committed to developing a technology that is more environmentally friendly, not only than intensive carbon energy sources, but also than traditional PV technologies. PSCs use abundant and safely recyclable materials and require simple processes with low embodied energy, even for scalable activities. Our long term BIPV goal and lower LCOE goals will not only contribute to reducing carbon footprint, but also accelerate the transition to solar energy.

Operations Review

Since our establishment, Greatcell Solar has implemented numerous sustainability practices such as recycling, energy efficiency initiatives, and responsible chemical disposal, to the installation of rain water tanks and implementing effective waste management and reduction. Greatcell Solar has also taken steps further by growing towards a paperless office with a 90% free-paper goal by 2018, participating in the Earth Hour event by turning off all computers, lights and electricity for an hour and constantly revising chemical production processes to reduce waste.

Greatcell Solar also integrates Social and Corporate responsibility by working with local businesses, and making donations to global disaster relief and local NGOs. Managing Director, Richard Caldwell again participated in the Vinnies CEO Sleepout in support of homelessness, and Chief Financial Officer Kian Niu participated in the Leukaemia Foundation's World's Greatest Shave, demonstrating Greatcell Solar's ethical mindset and values.

Financial Review

Financing and Equity (Refer to Consolidated Statement of Changes in Equity, Notes 18 and 25)

Greatcell Solar Limited has 372,953,676 ordinary shares on issue which was the same as the previous financial year. As at June 30 2017, Greatcell Solar had paid-up capital of \$108,160,700 and a market capitalisation of \$80,185,040 based on a closing price of 21.5 cents per share.

During August 2017, the Company successfully raised a total of \$2.7 million at an issue price of \$0.18 per Share under the Company's Share Purchase Plan (SPP). A total of 15,114,703 ordinary fully paid shares were issued from the SPP. A further US\$2 million is expected to be contributed by Tasnee, its strategic shareholder, by means of a convertible note.

Expenditure on Operations and Investments (Refer to Consolidated Statement of Cash Flows)

Net cash usage (outflows) from operating activities for 2017 financial year decreased significantly by 22.1% to \$5.7 million. The net cash outflow was largely reduced with a significant increase in R&D tax rebate receipts by \$552,581 which included a refund for a previous year's claim that was amended. With the R&D rebates included, the net cash usage in operating activities was \$478,674 average per month compared to \$614,479 per month last year.

Net cash reserves were \$994,987 at financial year end.

Assets and Liabilities (Refer to Consolidated Statement of Financial Position and Notes 7 to 17 inclusive)

The Company's statement of financial position finished the financial year with total net assets of \$1.1 million, a decrease of \$7.3 million (86%) from last year, mainly due to:

- Financing Facility Loan of \$2.5m (see Note 16). Repayment of this loan is expected to occur in September 2017, when the Company receives an R&D tax offset cash rebate of \$3.9 million (see Note 8) from the ATO for the financial year ending 30 June 2017.
- Lower cash reserves of \$995k compared to previous year-end of \$4.6 million.

Profit and Loss (Refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income, Notes 2 and 3)

This year's results showed a substantial reduction in financial net loss after income tax by 32% to \$7.7 million. Excluding the one-off item (non-cash) of impairment provision for intangible assets and goodwill of \$3,669,705 from last year's results, the current year financial loss showed a comparatively similar result compared to last year of \$7.6m.

The major factors affecting the current year's results were:

- Higher sales revenue by \$265,082, mainly due to the recognition of a deferred income of \$186k from a previously completed project.
- An increase in the R&D tax Incentive claim by \$324,138.
- Share-based payment expense (non-cash) of \$637,555 (see Note 3).
- Administration and corporate expenses decreased by \$536,834, mainly due to lower directors fees by \$102,491 and lower corporate travel, reduced depreciation expense by \$226,625 and lower legal fees by \$61,524.

DirectorsfiReport

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

The directors of Greatcell Solar Limited present their report on the consolidated entity (Group), consisting of Greatcell Solar Limited and the entities it controlled at the end of, and during, the financial year ended 30 June 2017. In accordance with the special resolution passed by shareholders at the General Meeting of the Company held on 9 June 2017, the Company's name has been changed to Greatcell Solar Limited.

1. DIRECTORS

The directors of the Company at any time during the year and to the date of this report are:

Mr Ian Neal (B Com, SF Fin)

Non-Executive Chairman - appointed 5 May 2014, previously Non-Executive Director since 8 September 2006

Mr Neal as the Non-Executive Chairman of the Board of Directors for Greatcell Solar Limited, shares responsibility with the Board of Directors for developing corporate strategy, contributing to business and strategic planning, commercialisation projects and marketing programs.

In addition to his work with Greatcell Solar, Mr Neal is a Chairman for The Executive Connection and works with CEOs and entrepreneurs to help them maximize the value of their businesses.

Mr Neal was a co-founder and Managing Director of Nanyang Ventures Pty Ltd, which had a total of \$140 million under management, invested in 27 companies across a range of industries from high technology to advanced manufacturing. Companies backed by Nanyang ranged from start up to \$50 million in revenue.

Mr Neal has a strong background in financial markets, moving up the ranks from equities analyst through various executive banking positions until establishing Nanyang Ventures in 1993 with his partners.

Mr Neal is a Life Member of the Financial Services Institute of Australasia and is a past National President of the former Securities Institute. Ian holds a Bachelor of Commerce with Merit from the University of NSW (double major in Business Finance and Accountancy) and a Diploma from the Securities Institute of Australia.

Mr Richard Caldwell (BEC, LLB, S Fin)

Managing Director - appointed 5 May 2014, previously Executive Chairman since 18 March 2005

Mr Caldwell was appointed as Managing Director of Greatcell Solar Limited from 5 May 2014. Richard takes executive responsibility for business development, investor relations, capital raising and also assists with substantial contract negotiations. He chairs the Executive Committee consisting of the global senior executive. Prior to his change of role, Richard has held positions of Non-Executive and Executive Chairman since the Company's listing in 2005.

Richard has a strong background in advising many successful high-tech Australian companies and assisting with public listing – particularly in the technology, biotechnology, and telecommunications sectors.

Before joining Greatcell Solar, Richard had a twenty-five year career in finance. He was Head of Corporate Finance and Equity Capital Markets at StoneBridge, Head of Equity Capital Markets at Burdett Buckridge and Young, and held a number of senior management positions at Citibank in Sydney and JP Morgan in London.

Richard holds a Bachelor of Laws and a Bachelor of Economics from Sydney University. Until recently he was a Fellow of Macquarie University where he conceived and taught the masters subject of Equity Capital Markets. He also has a Post Graduate Diploma in Finance from Finsia. In 2012, he was appointed as chairman of the Ascham School Foundation, an unlisted public company.

Mr Gordon Thompson (BE (Hons), M.EngSc, FIE (Aust), MAICD)

Non-Executive Director - appointed 9 November 2004

Mr Thompson as a Non-Executive Director of Greatcell Solar Limited, shares responsibility with the Board of Directors for developing corporate strategy, contributing to business and strategic planning, commercialisation projects and marketing programs. Gordon chairs the Audit and Risk Committee, is a Director of a number of Greatcell Solar subsidiaries, and provides expert advice in commercial, operational activities and key relationship management.

Gordon brings an extensive background and experience in renewable energy and water resources sectors and International business development. He was the founding Managing Director of the United Nations sponsored International Centre for the Application of Solar Energy, the inaugural Chairman of the Sustainable Energy Industry Association of Australia, and previously was a Director of the Business Council for Sustainable Energy and Chairman of the Australian Indonesian Business Council (WA Chapter).

Mr Thompson assisted in the initial public listing of Greatcell Solar and brings great depth of experience in business development, international business activities, business strategy and corporate management. He had an extensive and diverse leadership career at Melbourne Water Corporation, managing complex and large-scale water infrastructure

DirectorsfiReport

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

projects and operations, and established a new business unit focussed on international operations. Gordon has a detailed knowledge of the Australian and international renewable energy market and an extensive national and international network in the government and private sector.

Gordon holds a Bachelor of Electrical Engineering (Honours) and a Master of Engineering Science from Monash University, completed the Advanced Managed Program of the (now) Melbourne University Business School, is a Fellow of the Institution of Engineers Australia and a Member of the Australian Institute of Company Directors.

Dr. Robert McIntyre (Ph.D. in Surface Electrochemistry)

Non-Executive Director – appointed 13 March 2015

Dr McIntyre has a Ph.D in Fundamental Surface Electrochemistry which he obtained from the University of Newcastle-Upon-Tyne. He was then awarded a Max Planck Fellowship to Study under Professor Heinz Gerischer, Director of the Fritz-Haber Institute. He worked there as a group leader for 5 years on fundamental surface chemistry of semi-conductors and metals and for that work he was awarded the Tajima Prize for Electrochemistry, awarded annually by the International Society of Electrochemistry. He has since held management positions at Courtaulds Chemicals, now AKZO, ICI, Tioxide, now Huntsman, and most recently, Cristal Global, formerly Millennium Chemicals. Dr McIntyre has been a Director of Stainless Steel International (UK), Millennium Chemicals (UK), Cristal UK, and many other Cristal companies for the past 10 years. He has a wide range of publications and patents and in the last 15 years has directed teams which have been responsible for the scale-up of many of Cristal's major pigments and specialty products.

Ms. Lynette McDonald (LLB (Hons))

Non-Executive Director – appointed 7 April 2015, previously alternate director since 26 March 2015, resigned 11 November 2016

Ms McDonald holds a Bachelor of Laws and has worked in the field of corporate law and company management for fifteen years in law firms, public companies and in her own consulting company. She held the position of Company Secretary and Commercial Manager in the publicly listed Bemax Resources Limited from 2004 until its takeover by Cristal in 2008.

Ms McDonald resigned as a director on 11 November 2016.

Mrs Nicola Swift (CFA, BA (Mod) Legal Science, MA, GAICD)

Non-Executive Director – appointed 6 September 2013, resigned 3 August 2016

Mrs Swift as Non-Executive Director of Greatcell Solar Limited, shareâ responsibility with the Board of Directors for developing corporate strategy, contributing to business and strategic planning, commercialisation projects and marketing programs.

Mrs Swift resigned as a director on 3 August 2016.

Mr Antoine Shirfan (M.Eng (Mech))

Non-Executive Director – appointed 2 May 2014, ceased 26 March 2015; appointed alternate director 26 March 2015, ceased as alternate director 11 November 2016

Mr Shirfan joined the Greatcell Solar Board in May 2014. Mr Shirfan has a long history in successfully developing chemical and mining assets, including working with Cristal, a Tasnee subsidiary, in their global operations and as Managing Director of Bemax Resources, a mineral sands miner formerly listed on the Australian Securities Exchange.

Mr Shirfan ceased as an alternate director on 11 November 2016.

DirectorsfiReport

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

2. DIRECTORSHIPS IN OTHER LISTED ENTITIES

Directorships of other listed entities held by directors of the Company during the three years immediately before the end of the year are as follows:

Director	Company	Period of directorship	
		From	To
Mr I Neal	Prime Media Limited	June 2008	Present

3. COMPANY SECRETARY

Mr Kim Hogg (B Com) was appointed to the position of company secretary in November 2004. He has worked in the private sector for more than twenty years as a principal of an accounting practice providing specialist services to clients seeking to raise capital and list on ASX. He has predominantly been involved in the preparation of prospectuses and in compliance work as company secretary for both listed and unlisted entities, and is currently secretary of several ASX-listed companies.

4. DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year ended 30 June 2017:

Director	Board Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings ⁺	
	A	B	A	B	A	B
	Mr R Caldwell	13	13	-	-	-
Mr G Thompson	13	13	7	7	2	2
Mr I Neal	13	13	7	7	2	2
Mrs N Swift	1	1	1	1	-	-
Ms L McDonald	4	3	-	-	-	-
Mr R McIntyre	13	9	-	-	-	-

A - number of meetings held during the time the director held office during the year

B - number of meetings attended

⁺ held adjunct to Board meetings

5. DIRECTORS' INTERESTS

The relevant interest of each director held directly, indirectly or beneficially in the shares and rights issued by the Company at the date of this report is as follows:

Director	Ordinary Shares	Rights
Mr R Caldwell	12,184,806	2,430,711
Mr G Thompson	2,465,530	-
Mr I Neal	313,249	-
Mr R McIntyre	-	-

DirectorsfiReport

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

6. PRINCIPAL ACTIVITIES

During the year, the principal activities of the Company consisted of the up-scale and commercialisation of Perovskite Solar Cells (PSC), through the provision of a range of products and services including materials, consulting, R&D, collaborative product development, licensing, training, and turnkey manufacturing and laboratory facilities.

7. RESULTS

The result of the consolidated entity for the year ended 30 June 2017 was a loss after income tax of \$7,666,267 [2016: \$11,295,300].

8. OPERATING AND FINANCIAL REVIEW

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations on pages 4 – 10 of this Annual Report.

9. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs.

10. DIVIDENDS

No dividend has been declared or paid by the Company to the date of this report.

11. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

1. In August 2017, an additional \$800k drawdown was made from the Commonwealth bank R&D Tax Offset Credit Financing Facility, bringing the total drawdown to \$3.3m.
2. The Company announced a Share Purchase Plan (SPP) on 28 July 2017 at an issue price of \$0.18 per share. A total of \$2.7 million was contributed by shareholders in the SPP, resulting in an additional 15,114,703 ordinary fully paid shares being issued.
3. In August 2017 the Company received a letter of negotiation (LON) offer for a \$6 million grant under the Advancing Renewables Program (ARP) of the Australian Renewable Energy Agency (ARENA). The grant supports a Perovskite Solar Cell Technology - Large Area Module Development Project with the grant award being subject to meeting terms and conditions, including:
 - Completion of all final project documents, including the ARENA Funding Agreement and Knowledge Sharing Agreement in a form and substance satisfactory to ARENA;
 - A minimum of \$5.0 million (excluding GST) in new capital being raised, exclusive of ARENA's funding contribution.

12. LIKELY DEVELOPMENTS

Information about likely developments in the operations of the Company is contained in the Operations Review.

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

13. UNISSUED SHARES UNDER PERFORMANCE RIGHTS

At the date of this report, unissued ordinary shares of the Company under performance rights are:

Grant date	Exercise price	Vesting date	Number of rights
27 October 2015	-	1 December 2017	737,500
27 October 2015	-	30 November 2018	1,180,000
26 November 2015	-	30 November 2018	1,150,000
19 December 2016	-	1 December 2017	1,051,750
19 December 2016	-	1 December 2018	751,250
19 December 2016	-	1 December 2019	1,202,000
21 December 2016	-	30 September 2019	1,280,711
			7,353,211

14. SHARES ISSUED DURING OR SINCE THE END OF THE YEAR AS A RESULT OF EXERCISE

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of rights as follows (there were no amounts unpaid on the shares issued):

Date of issue of shares	Number of shares issued
1 December 2016	758,715

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the consolidated entity in accordance with the requirements of the Corporations Act 2001 and the Corporations Regulations 2001.

For the purposes of this report, Key Management Personnel of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.

KEY MANAGEMENT PERSONNEL

The Key Management Personnel for the consolidated entity during the year were:

Executive Director

Mr R Caldwell Managing Director (appointed 5 May 2014), prior as Executive Chairman and Acting CEO

Non- Executive Directors

Mr I Neal Non-executive Chairman (appointed 5 May 2014), prior as non-executive Director
Mr G Thompson Non-executive Director
Mrs N Swift Non-executive Director (appointed 6 September 2013), (resigned 3 August 2016)
Ms L McDonald Non-executive Director (appointed 26 March 2015), (resigned 11 November 2016)
Mr R McIntyre Non-executive Director (appointed 13 March 2015)
Mr A Shirfan Non-executive Director (appointed alternate director 26 March 2015), (ceased 11 November 2016)

Executives

Mr K L Niu Chief Financial Officer
Dr A King Director Greatcell Solar UK Ltd
Mr C Moore Manager, Steel
Dr D Milliken Chief Technology Officer
Dr H Desilvestro Chief Scientist
Mr K Hogg Company Secretary
Dr Y Hebtng Head of Production
Dr L Sorbello Commercial Manager, Sales and Marketing
Mr S Lee Global Head of Glass

The Role of the Remuneration Committee

The Board maintains the authority and responsibility for oversight of the Company's remuneration policy and the principles and processes which underpin this policy. The Board has established a Remuneration Committee to provide advice and recommendations to the Board on remuneration and incentive policies and practices. The Remuneration Committee is responsible for:

- Reviewing and making recommendations to the Board on the specific structure and level of remuneration for the directors, senior executives and the company secretary; and
- Reviewing and making recommendations to the Board regarding the design of all executive incentive plans.

The Structure of the Remuneration Committee

The Remuneration Committee has two members, both of whom are independent, non-executive directors. The Chair is held by an independent, non-executive director. The Remuneration Committee Charter is available on the company's website. Members and frequency of attendance at meetings is detailed on Page 13.

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

Principles of Remuneration

Greatcell Solar's remuneration strategy is designed to attract, retain and motivate appropriately qualified and experienced directors, executives, senior managers and employees. Key principles in developing the remuneration structure and levels include the creation of longer term shareholder value, alignment with shareholder interests, market competitiveness, recognition of individual performance and experience and divisional and group performance. The Remuneration Committee regularly reviews remuneration policies and practices in order to ensure that its recommendations to the Board are consistent with Greatcell Solar's strategic goals and are designed to enhance corporate and individual performance.

Use of external advisors and remuneration consultants

As necessary, the Remuneration Committee obtains independent, external recommendations and advice from Boardroom Pty Limited and Crichton Associates Pty Ltd on matters including:

- Executive remuneration, including short-term and long-term incentive plan design; and
- Non-executive directors' remuneration.

The Remuneration Committee did not receive remuneration recommendations from Boardroom Pty Limited and Crichton and Associates Pty Ltd during this time period as defined in section 9B of the Corporations Act 2001. Boardroom Pty Limited and Crichton and Associates Pty Ltd. were paid \$25,349 and \$10,045 respectively for other services including management of the Greatcell Solar Performance Rights Plan.

REMUNERATION STRUCTURE

The structure of remuneration is clearly distinguished between non-executive directors, the Managing Director and executives.

1. Non-executive directors remuneration

Greatcell Solar has two non-executive directors and a non-executive Chairman. The remuneration of non-executive directors including the non-executive Chairman consists of director's fees. Each director receives a fixed annual fee as a non-executive director and a further fixed fee for membership of each Board sub-committee; the Audit and Risk Committee and the Remuneration Committee. Additional remuneration for Mr Gordon Thompson in his role as a consultant to Greatcell Solar is set out in a separate business service agreement.

On the recommendation of the Remuneration Committee, the Board has approved a cash based, fixed fee structure inclusive of statutory superannuation for non-executive Directors as below. In considering its recommendation to the Board regarding the level of remuneration for non-executive directors, the Remuneration Committee considered industry survey data and other information about the level of fees and benefits being paid to non-executive directors within comparable companies both by industry and market capitalisation. The Board targets to set non-executive director fees at approximately the median of non-executive director fees within its peer group:

- Chairman of the Board: \$90,000 per annum.
- Non-executive directors: \$60,000 per annum.
- Membership including Chairmanship of each Board sub-committee: \$5,000 per Committee per annum.
- No director fees are payable to the Managing Director.

Performance based compensation is not part of the remuneration structure offered to non-executive directors. No performance rights or options are held by any non-executive director. Non-executive directors do not receive retirement benefits.

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of members. Total remuneration for all non-executive directors, last voted upon by shareholders at the 2011 Annual General Meeting, is not to exceed \$400,000 per annum. During the financial year ended 2017 total remuneration for non-executive directors, excluding consulting fees paid to Mr Gordon Thompson under a separate business services agreement for focused project work within Greatcell Solar, was \$186,014. Non-executive director remuneration is reviewed regularly by the Remuneration Committee and recommendations are made to the Board.

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

2. Managing Director Remuneration

On the recommendation of the Remuneration Committee, the Board approved a remuneration structure and level for Managing Director, Mr Richard Caldwell from 5 May 2014 as below. In considering the structure and level of remuneration for Mr Caldwell, the Remuneration Committee considered industry survey data and other information about the structure and level of fixed remuneration, short term incentives and long term incentives paid to Managing Directors within comparable companies both by industry and market capitalisation. The Board targets to set Managing Director Total Annual Remuneration (TAR) including both Total Fixed Remuneration (TFR) and performance based “at risk” remuneration (STI and LTI) at approximately the median of Managing Director Total Annual Remuneration (TAR) within its peer group. The Board recognises Greatcell Solar’s cash constraints and the need to incentivise and reward progress and the Board seeks to offer a remuneration structure which rewards Mr Caldwell for effective leadership and which aligns him with shareholders. The Board will seek annual shareholder approval for equity based “at risk” long term incentive remuneration which it believes has the additional benefit of aligning Mr Caldwell’s interests with that of shareholders.

The Managing Director’s total remuneration consists of the following components:

Total Fixed Remuneration: comprising of a base salary inclusive of statutory superannuation. Although reviewed annually, there is no provision for a guaranteed increase.

Performance Based or “At Risk” Remuneration: comprising of a:

Short Term Incentive (STI): The STI provides the Managing Director with the opportunity to receive an additional “at risk” cash payment inclusive of superannuation in each financial year, subject to meeting specific key performance indicators (KPIs) and various conditions over the 12 month financial period from 1 July to 30 June each year. On an annual basis, the Remuneration Committee, after consideration of performance against KPI’s recommends to the Board an amount, if any, subject to a maximum of 30% of Total Fixed Remuneration, to be paid to the Managing Director, normally within 3 months of the end of the financial year. Once approved by the Board the annual STI is paid as a cash bonus.

Long Term Incentive (LTI): On invitation, the LTI provides the Managing Director with the opportunity to receive performance rights in each financial year, or such other equity or cash alternative considered appropriate. The issue of performance rights under the Greatcell Solar Performance Rights Plan administered by Boardroom Pty Limited is subject to shareholder approval under the listing rules of the ASX. The annual LTI opportunity or grant value subject to such approval is 70% of Total Fixed Remuneration or as otherwise agreed. The vesting period is 36 months from date of grant and vesting will be dependent on meeting relative and absolute Greatcell Solar Total Shareholder Return (TSR) performance hurdles. In assessing whether the performance hurdles have been met Greatcell Solar will receive independent data and advice. The Long Term Incentive is designed to:

- Assist with the attraction and retention of Mr Caldwell;
- Continue to motivate Mr Caldwell to perform and make a contribution to the long term sustainable performance of Greatcell Solar; and
- Strengthen the alignment between Mr Caldwell and shareholder interests.

The circumstances under which Mr Caldwell is entitled to retain these performance rights if he should leave the company before the vesting date is controlled by the terms of the Greatcell Solar Performance Rights Plan and is at the discretion of the Board. Change of control clauses exist.

At the next AGM, the Board of Directors will seek approval for a grant of Performance Rights to Mr Caldwell under the Greatcell Solar Performance Rights Plan, subject to certain terms and conditions. The number of Performance Rights for which approval is sought will be determined by the annual LTI opportunity or grant value of 70% of Total Fixed Remuneration (TFR).

3. Executive Remuneration

Executive total remuneration consists of the following components:

Total Fixed Remuneration: comprising of a base salary inclusive of statutory superannuation. Although reviewed annually, there is no provision for a guaranteed increase.

Performance Based or “At Risk” Remuneration:

This provides each Key Management Personnel (KMP) with the opportunity to receive Performance Rights under the Greatcell Solar Performance Rights Plan, administered by Boardroom Pty Limited. The extent of the opportunity varies by KMP and is fixed at grant date. Vesting occurs over a number of tranches or time frames providing both a short term and medium term performance incentive.

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

The performance conditions applicable to the performance rights issued to the KMP's during the year are as follows:

- 35% of the Performance Rights will vest determined by the assessment of individual performance against individual KPIs in the financial year 1 July 2016 to 30 June 2017.
- Up to 25% of the Performance Rights will vest if Greatcell Solar's Total Shareholder Return outperforms the S&P/ASX Small Ordinaries Index over the Measurement Period 1 July 2016 to 30 June 2018 (TSR Hurdle).
- Up to 40% of the Performance Rights will vest if the Service condition for this tranche is met.

There must be uninterrupted employment from the date of issue of the performance rights until the vesting date.

See pages 25 to 27 for more details of value of rights issued, number of rights vested, value of rights vested and number of shares issued as a result to KMPs in 2017.

Performance based "At Risk" Remuneration is designed to:

- Assist with the attraction and long term retention of Key Management Personnel;
- Continue to motivate Key Management Personnel to perform and make a contribution to the sustainable performance of Greatcell Solar; and
- Strengthen the alignment between Key Management Personnel and shareholder interests.

The circumstances under which a Key Management Personnel is entitled to retain these performance rights if he or she should leave the Company before the vesting date is controlled by the terms of the Greatcell Solar Performance Rights Plan and is at the discretion of the Board. Change of control clauses exist.

EMPLOYMENT CONTRACTS

Of the Group's Key Management Personnel (listed earlier in this Report), Mr I Neal, Mr G Thompson and Mr R McIntyre are non-executive directors of the Company. All the non-executive directors derive fees for their role except Mr Robert McIntyre.

The additional services of Mr G Thompson are engaged through a business services agreement.

All other Key Management Personnel have entered into contracts of employment which outline the components of compensation paid to the Key Management Personnel. The agreements contain the usual terms and conditions found in such contracts. The contracts are usually reviewed on an annual basis.

Details of remuneration paid to each Key Management Personnel are shown on pages 22 to 23 in this report. In addition to those remuneration details, the following additional comments are provided in relation to the respective engagements.

1. Executive Service Agreements

Managing Director

The Managing Director contract provides for an annual Total Fixed Remuneration (TFR) of \$350,000 per annum inclusive of superannuation and other benefits.

No additional Directors fees are payable. Fixed remuneration is reviewed annually but there is no provision for a guaranteed increase. Mr Caldwell's employment contract has no fixed term. Mr Caldwell sits on the Remuneration Committee Mr Caldwell is entitled to 6 weeks of paid annual leave (which exceeds the entitlement under the National Employment Standards). For each year of service with the Group, Mr Caldwell is entitled to 10 days paid personal/ carer's leave.

The Group may terminate Mr Caldwell's Agreement and his employment at any time with or without reason with 6 months' written notice. In the case of notice of termination by the Group, the Group may satisfy its obligations by payment in lieu of all or part of the notice period. In the event that payment in lieu of notice is made the payment will, subject to relevant legislation, be based on the amount of Total Fixed Remuneration less superannuation. Mr Caldwell's entitlement to redundancy pay will be determined in accordance with the National Employment Standards.

A Short Term Incentive (STI) payment inclusive of superannuation will be considered by the Board for the 2017 financial year end based on Mr Caldwell's performance against agreed individual key performance indicators for the financial period from 1 July 2016 to 30 June 2017. Although confidential in nature, reflecting the research and development Greatcell Solar conducts in perovskite solar cell technology, KPI's for the financial year ending June 2017 related to developing and meeting technology milestones, business development and planning, successful financing of the business and organisational structure. The STI opportunity for the financial year ending 30 June 2017 is accounted as a bonus on an accruals basis in Table 15a.

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

A Long Term Incentive (LTI) was approved at the 2016 AGM, with shareholders approving a grant of 1,280,711 Performance Rights to Mr Caldwell under The Greatcell Solar Performance Rights Plan.

All performance rights were granted for nil consideration over unissued ordinary shares.

The vesting period is 36 months from date of grant and vesting will be subject to a market vesting condition (Absolute TSR Hurdle) and a non-market service vesting condition.

100% of the Performance Rights will be subject to a performance hurdle relating to absolute TSR over a period from grant date to 30 November 2019. The Greatcell Solar TSR will be set at 100 on the date of grant of the Performance Rights and must be equal or exceed 350 on 30 November 2019: that is, the Greatcell Solar TSR must increase by 250% over the measurement period for the Performance Rights to vest.

In addition to the performance vesting conditions above, the performance rights will only vest if there is uninterrupted employment with Greatcell Solar from grant date until vesting date. Change of control provisions exist.

The fair value of the 1,280,711 performance rights granted to Mr Richard Caldwell was calculated at the date of grant using the Monte Carlo valuation approach and allocated to each reporting period evenly over the period from grant date to vesting date. In valuing the performance rights, market conditions have been taken into account. The following table gives the assumptions made in determining the fair value of these performance rights on grant date:

Description	Performance Rights
Grant date	26 November 2016
Number of performance rights	1,280,711
Vesting date	30 November 2019
Exercise price	\$0.00
Price of shares on grant date	\$0.235
Estimated volatility	65.00%
Risk-free interest rate	1.92%
Dividend yield	0%

Based on the approach and assumptions detailed above, the estimated fair value of Mr Richard Caldwell's performance rights is \$0.0724 per share.

Executives

The Group has entered into a service contract with its Chief Financial Officer, Mr Kian L. Niu that is capable of termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. The agreement provides for a base salary of \$209,100 per annum plus superannuation, a performance bonus subject to meeting pre-determined conditions as set out in the contract, an annual performance review and a redundancy package of six months' salary if the position within the Group is made redundant.

The Group has entered into a service contract with its Chief Technology Officer, Mr Damion Milliken that is capable of termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. The agreement provides for a base salary of \$142,812 per annum plus superannuation, other benefits and an annual performance review.

The Group has entered into a service contract with its Chief Scientist, Mr Hans Desilvestro for 2 years from the commencement date of 1 February 2016. The contract is capable of termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. The agreement provides for a total employment cost of CHF 155,580 per annum including superannuation (less all amounts required to be deducted by Swiss Law), other benefits and an annual performance review.

The Group has entered into a service contract with the Greatcell Solar UK Ltd Director, Mr Andrew King for two years from 14 August 2015 to 14 August 2017(contract under negotiation), that is capable on termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. Prior to the expiry date, the Group may negotiate a further term of employment on such other terms as the parties agree. The agreement provides GBP 60,000 per annum and other benefits. The salary is based on Mr King working a minimum of 16 hours per week. If Mr Andrew King works less than this, his salary will be adjusted accordingly.

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

The Group has entered into a service contract with its Manager Steel, Mr Chris Moore that is capable of termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. The agreement provides for a base salary of GBP 75,000 per annum plus employer pension contribution, and other benefits and an annual performance review.

The Group has entered into a service contract with its Global Head of Glass, Mr Sung Lee that is capable of termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. The agreement provides for a base salary of \$122,400 per annum plus superannuation, other benefits and an annual performance review.

The Group has entered into a service contract with its Head of Production, Dr Yanek Hebting that is capable of termination on three months' notice. The Group has the right to terminate the contract immediately by paying three months' salary in lieu of such notice. The agreement provides for a base salary of \$112,200 per annum plus superannuation, other benefits and an annual performance review.

The Group has entered into a service contract with its Commercial Manager, Sales and Marketing, Dr Luca Sorbello. The Group has the right to terminate the contract immediately by giving 45 days prior written notice up to 5 years of seniority in accordance with National Collective Labour Agreement (Italy Employment Law), and then for seniority over 5 years, the length of the notice period shall be provided by National Collective Labour Agreement (Italy Employment Law). The agreement provides for a base salary of EU78,485 per annum plus applicable pension contribution, other benefits and an annual performance review. In addition to the base salary, Luca receives sales commission based a minimum annual materials sales of AUD1 million to be eligible for any sales commission, and on the following structure; 2.5% commission for new material sales generated between AUD1 million to AUD2 million, 5% commission for new material sales generated between AUD2 million to AUD3 million and 7.5% commission for new material sales generated between AUD3 million to AUD4 million.

Business Service Agreements

The Group has an existing business services agreement with Mr G Thompson. The agreement covers the provision of consulting services to the Group for a fee of \$1,000 (excluding GST) per 8 hour day. In addition, Mr G Thompson receives fees of \$68,333 (excluding GST) for his services as a non-executive director.

Consequences of performance on shareholder wealth

At this stage of the Group's development, the prime focus remains on the research and development of the Group's technology into perovskite solar cells with the aim of product commercialisation and expansion of activities to new markets and regions. As the Group is yet to reach profitability, the link between financial results and share price movements has yet to be established. Consequently, the policy towards equity based performance remuneration for the Managing Director and Key Management Personnel has not addressed criteria based on profitability, but rather focussed on alignment with shareholder interest through focus on Greatcell Solar TSR hurdles and, additionally, in the case of Key Management Personnel, on outcomes under the control of the individual employee.

The following table sets out summary information about the Group's loss and movement in share price for the last 5 years:

	2012/13	2013/14	2014/15	2015/16	2016/17
Net Loss for the year	\$9,396,196	\$12,578,057	\$8,598,640	\$11,295,300	\$7,666,267
Dividends paid	Nil	Nil	Nil	Nil	Nil
Change in share price	\$0.21	(\$0.10)	(\$0.05)	-	-
Share price at beginning of the period	\$0.11	\$0.32	\$0.22	\$0.215	\$0.215
Share price at end of the period	\$0.32	\$0.22	\$0.215	\$0.215	\$0.215
Loss per share	4.75 cents	4.95 cents	2.73 cents	3.16 cents	2.07cents

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

(a) Details of remuneration***

Details of the nature and amount of each major element of remuneration for Directors and Key Management Personnel of the consolidated entity for the year are:

		Short-term employment benefits		Long-term benefits	Post-employment benefits	Share based payments		TOTAL	Proportion of remuneration that consists of rights or shares	Proportion of remuneration that is performance based
		Salary & fees	Bonus	Long Service Leave	Superannuation benefits	Rights #	Shares #			
Executive Director										
Mr R Caldwell ⁽¹⁾	2017	326,649	68,493*	-	36,874	325,920	-	757,936	43	52
Managing Director	2016	314,115	91,324*	-	39,042	151,612	-	596,093	25	41
Non-Executive Directors										
Mr I Neal ⁽²⁾	2017	90,000	-	-	-	-	-	90,000	-	-
Non-Executive Chairman	2016	90,000	-	-	-	-	-	90,000	-	-
Mr G Thompson ⁽³⁾	2017	130,333	-	-	-	-	-	130,333	-	-
	2016	127,750	-	-	-	-	-	127,750	-	-
Mrs N Swift ⁽⁴⁾	2017	5,340	-	-	507	-	-	5,847	-	-
	2016	64,084	-	-	6,088	-	-	70,172	-	-
Ms L McDonald ⁽⁵⁾	2017	21,833	-	-	-	-	-	21,833	-	-
	2016	60,000	-	-	-	-	-	60,000	-	-

Mr A Shirfan and Mr R McIntyre did not receive any remuneration during the year.

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

(a) Details of remuneration*** (continued)

Details of the nature and amount of each major element of remuneration for Directors and Key Management Personnel of the consolidated entity for the year are:

		Short-term employment benefits		Long-term benefits	Post-employment benefits	Share based payments		TOTAL	Proportion of remuneration that consists of rights or shares	Proportion of remuneration that is performance based
		Salary & fees	Bonus	Long Service Leave	Superannuation benefits	Rights #	Shares #			
		\$	\$	\$	\$	\$	\$	\$	%	%
Other Key Management Personnel										
Mr K L Niu, Chief Financial Officer	2017	209,985	-	-	19,735	24,917	-	254,637	10	10
	2016	215,349	10,000	-	20,425	20,175	-	265,949	8	11
Dr A King, Director Greatcell Solar UK Ltd	2017	100,907	-	-	-	15,970	-	116,877	14	14
	2016	122,255	-	-	-	11,661	-	133,916	9	9
Mr C Moore, Manager Steel	2017	126,133	-	-	3,784	19,164	-	149,081	13	13
	2016	158,109	-	-	4,586	14,802	-	177,497	8	8
Dr D Milliken, Chief Technology Officer	2017	143,387	250	-	13,417	24,917	-	181,971	14	14
	2016	134,630	-	-	13,045	21,165	-	168,840	13	13
Dr H Desilvestro, Chief Scientist	2017	202,704	250	-	13,337	19,164	-	235,455	8	8
	2016	189,781	-	-	24,785	15,668	-	230,234	7	7
Mr K Hogg, Company Secretary	2017	48,000	-	-	-	-	-	48,000	-	-
	2016	48,000	-	-	-	-	-	48,000	-	-
Dr Y Hebting, Head of Production	2017	108,819	-	-	10,590	19,164	-	138,573	14	14
	2016	110,815	5,000	-	10,524	14,596	-	140,935	10	14
Dr L Sorbello, Commercial Manager, Sales and Marketing	2017	114,910	-	-	7,132	17,239	-	139,281	12	12
	2016	108,009	10,000	-	32,880	12,610	-	163,499	8	14
Mr S Lee, Global Head of Glass	2017	118,976	-	-	11,552	19,164	-	149,692	13	13
	2016	127,253	-	-	12,103	21,247	-	160,603	13	13
2017 Total	Total	1,747,976	68,993	-	116,928	485,619	-	2,419,516	20	23
2016 Total	Total	1,870,150	116,324	-	163,478	283,536	-	2,433,488	12	16

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

*** The Remuneration Report sets out the remuneration information pertaining to the Company's Directors and Senior Executives who are the Key Management Personnel of the consolidated entity for the purposes of the Corporations Act 2001 and the Corporations Regulations 2001.

Refer to pages 25 - 27 for further details of the terms and conditions of rights and shares.

* The bonus is for the short term incentive (STI) accrued payment of \$75,000 inclusive of superannuation as a result of Mr Caldwell meeting his individual key performance indicators for the financial period from 1 July 2016 to 30 June 2017.

Notes in relation to the table of remuneration:

- 1) Salary and bonus. The bonus for 2017 is on an accruals basis (2016: includes director fees, bonus and salary).
- 2) Director fees only.
- 3) Includes consultancy fees \$62,000 (2016: \$59,000).
- 4) Director fees only. Resigned 3 August 2016.
- 5) Director fees only. Resigned 11 November 2016.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration	At risk
Executive Director		
Mr R Caldwell	48 %	52 %
Non-Executive Directors		
Mr I Neal	100 %	-
Mr G Thompson	100 %	-
Mrs N Swift	100 %	-
Ms L McDonald	100 %	-
Other Key Management Personnel		
Mr K L Niu	90 %	10 %
Dr A King	86 %	14 %
Mr C Moore	87 %	13 %
Dr D Milliken	86 %	14 %
Dr H Desilvestro	92 %	8 %
Mr K Hogg	100 %	-
Dr Y Hebbing	86 %	14 %
Dr L Sorbello	88 %	12 %
Mr S Lee	87 %	13 %

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

(b) Share-based remuneration

Details of the terms and conditions of performance rights and shares granted to Key Management Personnel and executives as compensation during the reporting period are as follows:

		No. of rights granted	No. of shares granted	Grant date	No. of rights vested	No. of shares	Fair value per right at grant date	Fair value per share at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable	% Vested in current year	% Forfeited/lapsed in current year	% Available for vesting in future years	Value of rights/shares at grant date \$
Director: Performance rights																
Mr R Caldwell	2017	1,280,711	-	24/11/16	-	-	\$0.0724	-	-	-	30/12/19	30/11/19	-	-	100	92,723
	2016	1,150,000	-	26/11/15	-	-	\$0.0892	-	-	-	30/12/18	30/11/18	-	-	100	102,580

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

(b) Share-based remuneration (continued)

Details of the terms and conditions of performance rights and shares granted to Key Management Personnel and executives as compensation during the reporting period are as follows:

2017	No. of rights granted	No. of shares granted	Grant date	No. of rights vested	No. of shares	Fair value per right at grant date	Fair value per share at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable	% Vested in current year	% Forfeited/lapsed in current year	% Available for vesting in future years	Value of rights/shares at grant date \$
Other Key Management Personnel: Performance rights															
Mr K L Niu	52,500	-	19/12/16	-	-	\$0.2250	-	-	-	30/12/17	1/12/17	-	-	100	33,750
	37,500					\$0.1511				30/12/18	1/12/18				
	60,000					\$0.2251				30/12/19	1/12/19				
Dr A King	35,000	-	19/12/16	-	-	\$0.2250	-	-	-	30/12/17	1/12/17	-	-	100	22,500
	25,000					\$0.1511				30/12/18	1/12/18				
	40,000					\$0.2251				30/12/19	1/12/19				
Mr C Moore	42,000	-	19/12/16	-	-	\$0.2250	-	-	-	30/12/17	1/12/17	-	-	100	27,000
	30,000					\$0.1511				30/12/18	1/12/18				
	48,000					\$0.2251				30/12/19	1/12/19				
Dr D Milliken	52,500	-	19/12/16	-	-	\$0.2250	-	-	-	30/12/17	1/12/17	-	-	100	33,750
	37,500					\$0.1511				30/12/18	1/12/18				
	60,000					\$0.2251				30/12/19	1/12/19				
Dr H Desilvestro	42,000	-	19/12/16	-	-	\$0.2250	-	-	-	30/12/17	1/12/17	-	-	100	27,000
	30,000					\$0.1511				30/12/18	1/12/18				
	48,000					\$0.2251				30/12/19	1/12/19				
Dr Y Hebbing	42,000	-	19/12/16	-	-	\$0.2250	-	-	-	30/12/17	1/12/17	-	-	100	27,000
	30,000					\$0.1511				30/12/18	1/12/18				
	48,000					\$0.2251				30/12/19	1/12/19				
Dr L Sorbello	42,000	-	19/12/16	-	-	\$0.2250	-	-	-	30/12/17	1/12/17	-	-	100	27,000
	30,000					\$0.1511				30/12/18	1/12/18				
	48,000					\$0.2251				30/12/19	1/12/19				

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

(b) Share-based remuneration (continued)

Details of the terms and conditions of performance rights and shares granted to Key Management Personnel and executives as compensation during the reporting period are as follows:

2017	No. of rights granted	No. of shares granted	Grant date	No. of rights vested	No. of shares	Fair value per right at grant date	Fair value per share at grant date	Exercise price	Amount paid or payable	Expiry date	Date exercisable	% Vested in current year	% Forfeited/ lapsed in current year	% Available for vesting in future years	Value of rights/ shares at grant date \$
Other Key Management Personnel: Performance rights															
Mr S Lee	42,000	-	19/12/16	-		\$0.2250	-	-	-	30/12/17	1/12/17	-	-	100	27,000
	30,000					\$0.1511				30/12/18	1/12/18				
	48,000					\$0.2251				30/12/19	1/12/19				

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

(c) Equity instruments issued on exercise performance rights

Details of equity instruments issued during the period to Key Management Personnel and executives as a result of performance rights vested that had previously been granted as compensation are as follows:

Key management person	Number of shares issued on vesting of rights	Number of rights vested	Amount paid per share	Amount unpaid per share
Mr K L Niu	47,600	47,600	-	-
Dr A King	26,250	26,250	-	-
Mr C Moore	31,500	31,500	-	-
Dr D Milliken	39,200	39,200	-	-
Dr H Desilvestro	33,600	33,600	-	-
Dr Y Hebting	31,500	31,500	-	-
Dr L Sorbello	26,250	26,250	-	-
Mr S Lee	33,600	33,600	-	-

(d) Value of performance rights held by Key Management Personnel

Details of the value of rights granted, exercised, vested and lapsed during the year to Key Management Personnel as part of their remuneration are summarised below:

Key management person	Value of rights at grant date *	Value of rights vested during the year **	Value of rights lapsed during the year ***
	\$	\$	\$
Executives			
Mr K L Niu	33,750	10,948	1,932
Dr A King	22,500	6,038	2,013
Mr C Moore	27,000	7,245	2,415
Mr D Milliken	33,750	9,016	3,864
Dr H Desilvestro	27,000	7,728	1,932
Dr Y Hebting	27,000	7,245	2,415
Dr L Sorbello	27,000	6,038	2,013
Mr S Lee	27,000	7,728	1,932

In accordance with the Company's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or director.

* The value of performance rights granted during the period differs to the expense recognised as part of each key management persons' or executives' remuneration in (d) above because this value is the grant date fair value calculated in accordance with AASB 2 Share-based Payment.

** The value of rights vested has been determined as the intrinsic value of the rights at the date they vested, i.e. the excess of the market value at vesting date over the strike price of the right.

*** Rights lapsed due to vesting conditions not being satisfied. The value of rights at date of lapse is determined assuming that the vesting condition has been satisfied.

Director's Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

Other information

Performance rights holdings of Key Management Personnel

The movements during the year in the number of performance rights held directly, indirectly or beneficially by each key management person, including their personally-related entities, are as follows:

2017					
Key management person	Held at 30 June 2016	Granted as remuneration	Rights lapsed	Rights vested and exercised	Held at 30 June 2017
Mr R Caldwell	3,150,000	1,280,711	2,000,000	-	2,430,711
Mr K L Niu	160,000	150,000	8,400	47,600	254,000
Dr A King	100,000	100,000	8,750	26,250	165,000
Mr C Moore	120,000	120,000	10,500	31,500	198,000
Dr D Milliken	160,000	150,000	16,800	39,200	254,000
Dr H Desilvestro	120,000	120,000	8,400	33,600	198,000
Dr Y Hebting	120,000	120,000	10,500	31,500	198,000
Dr L Sorbello	100,000	120,000	8,750	26,250	185,000
Mr S Lee	120,000	120,000	8,400	33,600	198,000

Shareholding of key Management Personnel

The movements during the year in the number of ordinary shares held directly, indirectly or beneficially by each key management person, including their personally-related entities, are as follows:

2017						
Key management person	Held at 30 June 2016	Granted as remuneration	Purchased	Rights converted into shares	Other #	Held at 30 June 2017
Mr R Caldwell	9,450,000	-	1,956,077	-	-	11,406,077
Mr G Thompson	2,387,751	-	-	-	-	2,387,751
Mr I Neal	257,693	-	-	-	-	257,693
Ms N Swift	257,693	-	-	-	-	257,693
Mr R McIntyre	-	-	-	-	-	-
Mr K L Niu	408,043	-	-	47,600	-	455,643
Dr A King	136,800	-	-	26,250	-	163,050
Mr C Moore	249,763	-	-	31,500	-	281,263
Dr D Milliken	246,501	-	-	39,200	-	285,701
Dr H Desilvestro	168,000	-	-	33,600	-	201,600
Dr Y Hebting	67,500	-	-	31,500	-	99,000
Dr L Sorbello	67,500	-	-	26,250	-	93,750
Mr S Lee	87,500	-	-	33,600	-	121,100

Other represents sales, transfers and adjustments.

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

15. REMUNERATION REPORT – AUDITED (CONTINUED)

(e) Loans to Key Management Personnel

The following loans were issued to Key Management Personnel during the reporting period:

2017	Balance at 1 July 2016	Interest paid and payable on loan	Amount loaned in year	Loan repayment	Balance at 30 June 2017
Key management person	\$	\$	\$	\$	\$
Mr K L Niu	22,917	2,627	40,000	23,563	41,981
Mr R Caldwell	-	728	100,000	100,728	-

For the loan issued to Mr K L Niu the highest amount owed in the current year was \$41,981. The loan has an interest rate payable at 5.65% per annum.

For the loan issued to Mr R Caldwell the highest amount owed during the year was \$100,728. The loan has an interest rate payable at 5.65% per annum.

(f) Other transactions and balances with Key Management Personnel

There were no other transactions and balances with Key Management Personnel and their related parties during the year.

END OF AUDITED REMUNERATION REPORT

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

16. ENVIRONMENTAL REGULATION

The consolidated entity is subject to significant environmental regulation, in particular with respect to its manufacturing activities. The Board through its executive committee, monitors its environmental performance obligations. The consolidated entity has complied with all environmental regulations.

17. WORK SAFETY AND HEALTH

Greatcell Solar Australia Pty Ltd, the Greatcell Solar subsidiary in which most manufacturing is undertaken, has established a work, health and safety committee. This committee undertakes a range of activities to ensure we comply with the legislation and improve the awareness of our staff on health and safety issues.

18. CORPORATE GOVERNANCE

The Company's Corporate Governance Report can be found at www.greatcellsolar.com.

19. INDEMNIFICATION AND INSURANCE OF OFFICERS

Indemnification

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

Indemnification and insurance of auditors

During or since the end of the period, no indemnities have been given to, and no insurance premiums have been paid on behalf of, any person who is or has been an auditor of the Group.

Insurance Premiums

The Company paid a premium during the year in respect of a director and officer liability insurance policy, insuring the directors of the Company, the company secretary, and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer, to the extent permitted by the Corporations Act 2001. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts as such disclosure is prohibited under the terms of the contract.

20. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

21. NON-AUDIT SERVICES

During the year Grant Thornton Audit Pty Ltd, the Company's auditor has performed certain other services in addition to their statutory duties. The Board is satisfied that the provision of those non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. On the advice of the Audit Committee, the directors are satisfied that the provision of non-audit services as set out below did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

The non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Directors' Report

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

21. NON-AUDIT SERVICES (CONTINUED)

Details of the amounts paid to the related practices of Grant Thornton Audit Pty Ltd for non-audit services provided during the year are set out below.

	2017	2016
	\$	\$
Services other than statutory audit provided by an associated firm of Grant Thornton Audit Pty Ltd:		
- tax compliance	28,200	38,041

22. 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 87.

Dated at Sydney, New South Wales this 27th day of September 2017.

Signed in accordance with a resolution of the directors:



Richard Caldwell
Managing Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue from sale of goods and services	2	1,289,624	1,024,542
Cost of sales		(446,404)	(428,259)
Gross profit		843,220	596,283
Interest revenue	2	31,290	92,165
Other income	2	318,457	1,050,940
Technical expenses	3	(8,269,702)	(7,959,285)
Administration and corporate expenses		(3,681,244)	(4,218,078)
Impairment of intangible assets		-	(3,669,705)
Marketing expenses		(837,768)	(955,212)
Borrowing costs	3	(64,243)	(37,574)
Intellectual property expenses		(289,564)	(413,877)
Share of profit/ (losses) of associate		(3,697)	21
Loss before income tax benefit		(11,953,251)	(15,514,322)
Income tax benefit	5	4,286,984	4,219,022
Net loss for the year		(7,666,267)	(11,295,300)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations - Group		(105,321)	(150,665)
Other comprehensive income for the period, net of tax		(105,321)	(150,665)
Total comprehensive loss for the year		(7,771,588)	(11,445,965)
Loss is attributable to:			
Owners of Greatcell Solar Limited		(7,660,452)	(11,290,499)
Non-controlling interest		(5,815)	(4,801)
		(7,666,267)	(11,295,300)
Total comprehensive loss for the year is attributable to:			
Owners of Greatcell Solar Limited		(7,765,697)	(11,441,183)
Non-controlling interest		(5,891)	(4,782)
		(7,771,588)	(11,445,965)
Basic and diluted loss per share	6	(2.1 cents)	(3.2 cents)

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

Consolidated Statement of Financial Position

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	994,987	4,560,518
Trade and other receivables	8	4,555,169	4,344,446
Inventories	9	600,503	628,106
Other current assets	10	170,607	382,507
Total current assets		6,321,266	9,915,577
Non-current assets			
Property, plant and equipment	11	758,114	651,670
Intangible assets	12	686,769	915,692
Investment in associate	13	113,485	117,183
Total non-current assets		1,558,368	1,684,545
Total assets		7,879,634	11,600,122
LIABILITIES			
Current liabilities			
Trade and other payables	14	2,407,039	1,775,267
Lease liabilities	15	204,684	37,792
Borrowings	16	2,500,000	-
Provisions	17	779,170	662,569
Total current liabilities		5,890,893	2,475,628
Non-current liabilities			
Other payables	14	170,871	130,400
Lease liabilities	15	162,533	-
Provisions	17	285,045	247,247
Deferred tax liability	5(e)	221,608	295,478
Total non-current liabilities		840,057	673,125
Total liabilities		6,730,950	3,148,753
Net assets		1,148,684	8,451,369
EQUITY			
Contributed equity	18	108,160,700	108,329,352
Reserves	19	7,806,963	7,274,654
Accumulated losses		(114,811,639)	(107,151,187)
Capital and reserves attributable to owners of Greatcell Solar		1,156,024	8,452,819
Non-controlling interest	20	(7,340)	(1,450)
Total equity		1,148,684	8,451,369

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

Consolidated Statement of Cash Flows

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Cash receipts from customers		1,164,078	1,027,310
Cash payments to suppliers and employees		(11,857,719)	(13,031,878)
R&D tax rebate received		4,073,741	3,521,160
Interest received		49,230	101,417
Interest paid		(55,539)	(22,140)
Grants received		882,124	1,030,386
Net cash used in operating activities	23	(5,744,085)	(7,373,745)
Cash flows from investing activities			
Payments for plant and equipment		(330,399)	(244,432)
Proceeds from disposal of plant and equipment		-	10,669
Loans to related parties		(140,000)	-
Loans repaid by related parties		124,291	25,000
Net cash used in investing activities		(346,108)	(208,763)
Cash flows from financing activities			
Proceeds from borrowings		2,812,678	-
Repayment of borrowings		(163,358)	(119,473)
Transaction costs related to loans and borrowings		(48,993)	-
Purchase of Treasury shares		(168,652)	(897,008)
Proceeds from the issue of shares		-	7,698,853
Net cash provided by financing activities		2,431,675	6,682,372
Net increase/(decrease) in cash and cash equivalents held		(3,658,518)	(900,136)
Cash and cash equivalents at the beginning of the financial year		4,560,518	5,402,909
Effect of exchange rates on cash holdings in foreign currencies		92,987	57,745
Cash and cash equivalents at end of period	7	994,987	4,560,518

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

Consolidated Statement of Changes in Equity

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	Contributed equity \$	Accumulated losses \$	Reserves			Total \$	Non-controlling interest \$	Total equity \$
			Equity-settled benefit \$	Foreign currency translation reserve \$	Other reserve \$			
Balance at 1 July 2015	100,713,911	(95,860,688)	6,256,887	(154,840)	798,887	11,754,157	3,332	11,757,489
Total comprehensive income for the year								
Loss for the year	-	(11,290,499)	-	-	-	(11,290,499)	(4,801)	(11,295,300)
Other comprehensive income								
Foreign currency translation reserve differences	-	-	-	(150,684)	-	(150,684)	19	(150,665)
Total comprehensive income for the year	-	(11,290,499)	-	(150,684)	-	(11,441,183)	(4,782)	(11,445,965)
Transaction with owners, in their capacity as owners								
Contributions of equity, net of transaction costs	6,678,767	-	-	-	-	6,678,767	-	6,678,767
Conversion of CSIRO loan to equity	1,833,683	-	-	-	-	1,833,683	-	1,833,683
Share-based payment expense	-	-	524,404	-	-	524,404	-	524,404
Treasury shares purchase (Note 18)	(897,009)	-	-	-	-	(897,009)	-	(897,009)
Total transactions with owners	7,615,441	-	524,404	-	-	8,139,845	-	8,139,845
Balance at 30 June 2016	108,329,352	(107,151,187)	6,781,291	(305,524)	798,887	8,452,819	(1,450)	8,451,369
Total comprehensive income for the year								
Loss for the year	-	(7,660,452)	-	-	-	(7,660,452)	(5,815)	(7,666,267)
Other comprehensive income								
Foreign currency translation reserve differences	-	-	-	(105,246)	-	(105,246)	(75)	(105,321)
Total comprehensive income for the year	-	(7,660,452)	-	(105,246)	-	(7,765,698)	(5,890)	(7,771,588)
Transaction with owners, in their capacity as owners								
Share-based payment expense	-	-	637,555	-	-	637,555	-	637,555
Treasury shares purchase (Note 18)	(168,652)	-	-	-	-	(168,652)	-	(168,652)
Total transactions with owners	(168,652)	-	637,555	-	-	468,903	-	468,903
Balance at 30 June 2017	108,160,700	(114,811,639)	7,418,846	(410,770)	798,887	1,156,024	(7,340)	1,148,684

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

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The financial statements of Greatcell Solar Limited for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 27th September 2017 and covers the consolidated entity consisting of Greatcell Solar Limited and its subsidiaries as required by the Corporations Act 2001. Greatcell Solar Limited is a for-profit entity for the purpose of preparing the financial statements.

Greatcell Solar Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The accounting policies applied by the consolidated entity in this year's financial statements are the same as those applied in its financial statements as at and for the year ended 30 June 2016.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Reporting Basis and Conventions

Except for cash flow information, 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.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1 (y).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

New, revised or amending Accounting Standards and Interpretations adopted

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

Any new, revised, or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the Group.

Going Concern

The financial statements have been prepared on a going concern basis.

The Group incurred an operating loss after income tax for the year of \$7,666,267 (2016: \$11,295,300) and an operating net cash outflow of \$5,744,085 (2016: \$7,373,745) for the year ended 30 June 2017. Cash held at bank as at 30 June 2017 was \$994,987 (30 June 2016: \$4,560,518).

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. In order for Greatcell Solar to continue as a going concern and further progress the development of its technology and intellectual property, and in particular the accelerated development of Perovskite Solar Cell (PSC) for scale up activities, additional capital will be required. Greatcell Solar has previously raised capital when required and the Directors anticipate that the company will be successful in raising the required additional capital in future.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Directors have initiated the following strategies to secure the going concern status and have determined that these accounts should be prepared on a going concern basis as these strategies are anticipated to be successful:

(i) Capital Raising

The Company announced a Share Purchase Plan (SPP) on 28 July 2017 at an issue price of \$0.18 per share. Shareholders contributed an amount of \$2.7 million in the SPP. A further US\$2 million is expected to be contributed by Tasnee, its strategic shareholder, by means of a convertible note. New shares resulting from the SPP were issued on 1 September 2017 and quoted on 5 September 2017.

(ii) Grants

The Company received a letter of negotiation (LON) for a \$6 million grant under the Advancing Renewables Program (ARP) of the Australian Renewable Energy Agency (ARENA). The grant supports a Perovskite Solar Cell Technology - Large Area Module Development Project of two years duration with the award of the grant subject to meeting certain terms and conditions including the execution of a funding agreement. The Company also has a Department of Industry CRC-P grant of \$2.5 million to which it has access to \$1.9 million exclusive of its partners. The grant supports an 18 month project with a significant part of the grant funding yet to be drawn down, with grant payments subject to achieving agreed quarterly milestones.

(iii) Financing Facility

During the year, the Company established a \$2.5 million Financing Facility with Commonwealth Bank, and this facility was increased to \$3.3 million in August 2017. We expect that a similar facility to be in place for FY 2018, that will allow the Company to drawdown on a quarterly basis up to 90% of accrued FY 2018 Research and Development Tax Offset credits up to the credit limit of the facility.

(iv) Research and Development Tax Credit

The Company expects to receive in early October 2017 a research and development tax credit for FY 2017, estimated to be \$3.9 million. This will be used to discharge the \$3.3 million drawdown from the Commonwealth Bank Financing Facility, leaving the Company with an estimated \$600k in cash remaining from the Tax offset credit.

In addition to the initiatives set out above, the Directors continue to look at various sources of funding support and other long term investment options to provide the working capital required to implement Greatcell Solar's Technology Development Plan, successful completion of which, the Directors believe, will create a pathway to achieve successful commercialisation and business development. Until this is achieved additional funding will continue to be required and the Board will select the most appropriate strategic investment options.

Based on the factors above, the Directors have prepared the financial report on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities that might be necessary should the company not be able to continue as a going concern.

Accounting Policies

(a) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of the Company gains control until the date when the Company ceases to control the subsidiary.

A list of subsidiaries is contained in Note 27 to the financial statements. All subsidiaries have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation unless the transactions provide evidence of the impairment of the assets transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies, to the extent possible given compliance with local regulations, with those policies applied by the parent entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively. Total comprehensive income is attributable to owners of Greatcell Solar I Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Associate entities

Associate entities are accounted for by means of the equity method of accounting ("equity method") for the investments in associate whereby the investments are initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the investor's share of the net assets of the investee. The profit and loss statement reflects the investor's share of the profit or loss of the investee.

Details of the associate entities are set out in Note 13.

Changes in ownership interest

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate.

(b) Income tax

The charge for current income tax expense is based on the profit or loss 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 at the end of the reporting period.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income or equity respectively.

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.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Company applies for registration of R&D expenses which meet R&D Tax Concession requirements with AusIndustry, and calculates the R&D tax credit owing based on that registration when it submits the annual tax return. Although the \$3.9 million R&D Tax Incentive for financial year ending 30 June 2017 was not received during the year, it was included in the reporting period on an accruals basis in accordance with AASB 112 *Income Taxes*. The cash rebate accrual is recognised as R&D tax rebate in income tax expense/ benefit (refer Note 5).

Greatcell Solar Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax assets and liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 20 August 2006.

The tax consolidated group has entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the tax payable of the tax consolidated group.

The members of the tax-consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax funding agreement is considered remote.

The stand-alone taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated group.

(c) Intangible assets

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically feasible, the Group has sufficient resources to complete development and the Group is able to demonstrate how the product or process will generate future economic benefits.

Intellectual Property & Patents

Intellectual Property and Patents that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy 1(e)).

Amortisation

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets are amortised from the date that they are available for use, not from the date of generation or acquisition.

<i>Class of Intellectual Property & Patents</i>	<i>Expected useful life</i>	<i>Remaining Life</i>
EPFL Licences	13 years	3 years

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

(d) Property, plant and equipment

Property, plant and equipment, are recognised initially at cost or fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is charged in profit or loss on a straight-line basis over the estimated useful life of the asset or in the case of leasehold improvements, the shorter lease term as follows:

<i>Class of Fixed Asset</i>	<i>Expected useful life</i>
Plant and factory equipment	5 years
Office equipment	3 years
Computer software	3 years
Furniture & fittings	5 years
Leasehold improvements	lease term

Motor vehicles are depreciated at 22.5% per annum using a diminishing balance method.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

(e) Impairment

The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For intangible assets that are not yet available for use, the recoverable amount is estimated annually. Recoverable amount is the higher of an asset's fair value less costs or disposal and value in use.

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal in other comprehensive income to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of the cash-generating unit (which is the business as a whole), are first allocated to reduce the carrying amount of goodwill and then to reduce the carrying amount of other assets.

(f) Fair values

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period.

If the fair value of financial instruments is not available from an active market, the Group establishes its fair value using valuation techniques. Assumptions used are based on observable market prices and rates at the end of the reporting period. Other financial instruments are calculated based on the present value of future principal and interest cash flow, discounted at the market rate of interest at the end of the reporting period. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

(g) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt. Objective evidence of impairment includes financial difficulties of a debtor, default payments or debts more than 90 days overdue. On confirmation that the trade receivable will not be collectible, the gross carrying value of the asset is written off against the associated provision.

(h) Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(j) Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans and borrowings using the effective interest rate method.

The fair value of a liability portion of a convertible note is determined using a market rate of interest for an equivalent non-convertible note and stated on an amortised cost basis until conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and is shown as equity. Issue costs are apportioned between the liability and equity components based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(k) Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount can be reliably estimated. For service warranties, the likelihood that an outflow will be required to settle the obligation is determined by considering the class of obligations as a whole. Provisions are not recognised for future operating losses.

(m) Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

(o) Employee Benefits

Wages, salaries, annual leave and non-monetary benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees up to the end of the reporting period. Employee benefits that are expected to be settled wholly within 1 year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than 1 year have been measured at the present value (using the high quality corporate bonds) of the estimated future cash outflows to be made for those benefits.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long service leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payment transactions

An expense is recognised for all equity-based remuneration, including shares and options issued to employees and directors. The fair value of securities granted is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The fair value of options granted is measured using a generally accepted valuation model, taking into account the terms and conditions upon which the options were granted. The fair value of shares and options issued to employees is based on the fair value of the equity instruments issued.

(p) Financial instruments

Recognition

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

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 amortised cost using the effective interest rate method.

Financial liabilities

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

Compound financial instruments

Compound financial instruments issued by the Group comprise of convertible notes that can be converted to share capital at the option of both the issuer and holder, and the number of shares to be issued is equal to the fair value of the notes.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instruments as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity compound in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of compound financial instruments is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not measured subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss.

(q) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(r) Revenue recognition

Revenue from the sale of goods is recognised upon the dispatch of goods to customers.

Revenue from the rendering of services is recognised upon the delivery of the services to the customers.

Revenue from the sale of equipment is recognised when the legal title to the equipment passes, which is usually upon delivery or installation and acceptance.

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

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

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Government grants

Grants from the government are recognised at their fair value, where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Unconditional grants are recognised in profit or loss as other income, when the grant becomes receivable. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in current liabilities as deferred income and credited to profit or loss on a straight line basis over the expected lives of the related assets.

(t) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows 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 classified as operating cash flows.

(u) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of transaction. Foreign currency monetary items are translated at the exchange rate at the end of the reporting period. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on translation are recognised in profit or loss.

Group Companies

At the end of the reporting period, the assets and liabilities of overseas subsidiaries are translated into the presentation currency of the Group at the rate of exchange ruling at the end of the reporting period, and income and expenses are translated at the average exchange rates for the year. All resulting exchange differences are recognised in other comprehensive income as a separate component of equity (foreign currency translation reserve).

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On consolidation, exchange differences arising from the translation of any net investment in any foreign entities are taken to other comprehensive income (foreign currency translation reserve). When a foreign operation is sold or borrowings repaid, a proportionate share of the foreign currency translation reserve is recognised in profit or loss as part of the gain or loss on sale or repayment.

(v) Segment reporting

The Group reviewed segment information using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (executive management committee that makes strategic decisions). The operating segments results are reviewed regularly by the executive management committee to make decisions about resources to allocate the segments and assess its performance.

During the year the committee monitors the business based on product and services factors and has identified three major product and services segments. These are as follows:

- Glass and Equipment
- Metal Strip
- R&D Materials

In addition, the committee monitors the business based on geographic factors and has identified four major geographical segments. These are as follows:

- Australia
- Asia
- Europe
- North America

(w) Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date, unless in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity and transaction costs arising on the issue of debt as part of the consideration are accounted for in accordance with Note 1(k).

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the Group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the Group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rates.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(y) Key Estimates and Judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgement and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Key Estimates

Impairment of non-current assets AASB 136: Impairment of Assets requires an assessment of impairment indicators at least annually for definite lived intangibles.

R&D Tax Incentive

Greatcell Solar's R&D Tax Incentive claim of \$3.9 million for the year ended 30 June 2017 was calculated in accordance with the requirements of the scheme framework which focuses on R&D carried out using a rigorous scientific method.

The financial data leading to the figures provided to the ATO in the company tax return was compiled using the government preferred methodology for primarily R&D enterprises, of subtracting out non-R&D related costs and methodically apportioning related supporting overhead costs. This financial apportionment was facilitated by Greatcell Solar's comprehensive project financial management systems, which clearly delineate R&D and non-R&D related costs in a fully transparent manner.

The Directors believe that the Company has satisfied the criteria to be eligible for R&D tax refunds in the current and prior years, however the Company's tax positions remain open to review by the ATO.

Performance rights

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using the Black-Scholes formula and Monte Carlo Simulation valuation methodology, taking into account the terms and conditions upon which the instruments were granted, estimates of volatility and interest rates (see Note 25).

Provision for Impairment of Receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management (see Note 8).

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key Judgments

Recovery of deferred tax assets

Deferred tax assets arising from tax losses are not recognised as their recovery is dependent upon the generation of sufficient future taxable profits. The Group is currently loss making. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Long Service Leave

Management's estimate of the long service leave is based on a number of critical underlying assumptions such as probability of staff remaining with the company for a period of 10 years, standard rates of inflation, discount rate and anticipation of future salary increases. Estimation uncertainties exist particularly with regard to the assumed probabilities of staff remaining with the group. Variation in these assumptions may significantly impact the long service leave amount and the annual long service leave expenses.

(z) Accounting standards issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Title of standard	Nature of change	Mandatory application date/ Date of adoption by group	Impact
<p>AASB 9 <i>Financial Instruments</i> (December 2014)</p>	<p>AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.</p> <p>The requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:</p> <p>a) Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.</p> <p>b) Allows an irrevocable election on initial recognition to present gains or losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.</p> <p>d) Financial assets can be designed and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains or losses on them, on different bases.</p> <p>e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:</p> <ul style="list-style-type: none"> • the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI') • the remaining change is presented in profit or loss <p>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</p> <p>Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:</p> <ul style="list-style-type: none"> • classification and measurement of financial liabilities; and 	<p>1 January 2018</p>	<p>When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements</p>

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

Title of standard	Nature of change	Mandatory application date/ Date of adoption by group	Impact
	<ul style="list-style-type: none"> derecognition requirements for financial assets and liabilities. <p>AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.</p> <p>Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.</p>		
AASB 15 Revenue from Contracts with Customers	<p>AASB 15:</p> <ul style="list-style-type: none"> replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: <ul style="list-style-type: none"> establishes a new revenue recognition model changes the basis for deciding whether revenue is to be recognised over time or at a point in time provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) expands and improves disclosures about revenue 	1 January 2018	When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements
AASB 16 Leases	<p>AASB 16:</p> <ul style="list-style-type: none"> replaces AASB 117 Leases and some lease-related Interpretations requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases provides new guidance on the application of the definition of lease and on sale and lease back accounting largely retains the existing lessor accounting requirements in AASB 117 requires new and different disclosures about leases 	1 January 2019	<p>The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:</p> <ul style="list-style-type: none"> there will be a significant increase in lease assets and financial liabilities recognised on the statement of financial position the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities EBIT in the statement of profit or loss and other

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

Title of standard	Nature of change	Mandatory application date/ Date of adoption by group	Impact
			<p>comprehensive income will be higher as the implicit interest in lease payments for former off statement of financial position leases will be presented as part of finance costs rather than being included in operating expenses</p> <p>•operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities</p>

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
2. REVENUE AND OTHER INCOME		
Rendering of services	187,392	1,729
Sale of goods	1,102,232	1,022,813
Revenue from sale of goods and services	1,289,624	1,024,542
Interest received	31,290	92,165
Other income		
Government grant	302,259	853,375
Net gain on disposal of equipment	147	-
Other income	16,051	197,565
Total other income	318,457	1,050,940
3. EXPENSES		
Loss before income tax includes the following expenses:		
Depreciation and amortisation		
Amortisation of intangible assets	228,923	334,361
Depreciation expense	311,543	472,423
	540,466	806,784
Share-based payments		
Share based payments to company employees/directors	637,555	524,404
	637,555	524,404
Technical expenses (including R&D expenses)		
Wages and salaries	4,166,780	4,256,997
Materials	875,107	709,596
Consultants	1,667,043	1,536,996
Other overheads	1,560,772	1,455,696
	8,269,702	7,959,285
<i>Total employee benefits expense</i>		
Wages and salaries	4,884,174	5,160,547
Superannuation	417,261	415,546
Increase in liability for annual leave	92,429	41,254
Increase in liability for long service leave	37,797	41,340
Share based payments to company employees/directors	637,555	524,404
	6,069,216	6,183,091

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
3. EXPENSES (CONTINUED)		
Loss before income tax includes the following expenses:		
Borrowing costs		
Interest expense	64,243	37,574
Rental expenses on operating lease		
Minimum lease payments	595,585	651,999
Foreign currency translation		
Net foreign exchange losses	110,125	116,146
Impairment		
Impairment of intangible assets	-	69,231
Impairment of goodwill	-	3,600,474
4. AUDITORS' REMUNERATION		
(a) Amount paid or due and payable to Grant Thornton Audit Pty Ltd for:		
- An audit and review of the financial statements of the entity and any other entity in the Group	116,940	123,700
- Tax compliance provided by related practice of the auditors	28,200	38,041
(b) Amount paid or due and payable to non-Grant Thornton Audit Pty Ltd network firms for:		
- Other services in relation to the entity and any other entity in the consolidated entity	17,531	20,660
	162,671	182,401

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
5. INCOME TAX		
(a) Income tax benefit		
R&D tax rebate	(3,940,341)	(4,118,714)
R&D tax rebate for prior years	(272,773)	-
Deferred tax	(73,870)	(100,308)
	(4,286,984)	(4,219,022)
(b) Numerical reconciliation between tax benefit and pre-tax net loss		
Loss before income tax	(11,953,251)	(15,514,322)
Income tax benefit calculated at 27.5% (2016: 30%)	(3,287,144)	(4,654,297)
Tax effect of amounts which are not tax deductible:		
• Share based payments	175,328	157,322
• Impairment of intangible assets	-	20,769
• Impairment of goodwill	-	1,080,142
• Sundry amounts	1,285	1,703
• Impact of foreign tax rate differential	242,279	154,247
Net deferred tax assets not recognised	2,794,382	3,139,806
R&D tax rebate	(3,940,341)	(4,118,714)
R&D tax rebate for prior years	(272,773)	-
Income tax benefit	(4,286,984)	(4,219,022)
(c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised (as recovery is currently not probable)		
Tax effected	32,938,715	30,132,731
(d) Unrecognised temporary differences		
Temporary differences for which deferred tax assets have not been recognised		
• Employee benefits provision	162,597	154,430
• Capital raising costs	86,682	134,218
• IP costs	370,607	418,920
• Other	29,975	(8,148)
Unrecognised deferred tax assets relating to the above temporary differences	649,861	699,420

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
5. INCOME TAX (CONTINUED)		
Temporary differences for which deferred tax liabilities have not been recognised		
• Prepayments	20,686	58,642
Temporary differences in relation to other comprehensive income for which deferred tax assets have not been recognised		
• Foreign currency translation reserves (relating to investments in subsidiaries)	112,962	91,657
A deferred tax asset has not been recognised in respect of the temporary difference on the foreign currency translation reserve of \$410,770 (2016: \$305,524) arising from translating the financial statements of the overseas subsidiaries because the deferred tax asset will only arise on disposal of the subsidiaries, which is not expected in the foreseeable future.		
(e) Recognised temporary differences		
Deferred tax liability on intangibles recognised in a business combination	221,608	295,478

(f) Tax rates

The consolidated entity operates in a multi-jurisdictional tax environment, which makes meaningful comparison of weighted average effective tax rates difficult. The tax rate used in the above reconciliation is the corporate tax rate of 27.5% (2016: 30%) payable by Australian corporate entities on taxable profits/(losses) under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. Corporate tax rates in jurisdictions where the Company has subsidiaries and associate entities are United Kingdom 19%, Italy 28%, Switzerland 13-20%, Republic of Korea 11%, Germany 30% and USA 35%.

(g) Income tax loss

Deferred tax assets arising from tax losses of the Group not brought to account at the end of the reporting period as realisation of the benefit is not regarded as probable is \$32,938,715 (2016: \$30,132,731).

The benefit for tax losses will only be obtained if:

- (i) the Company derives future assessable income of a nature and amount sufficient to enable the benefit from the tax losses to be realised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) there are no adverse changes in tax legislation.

(h) Tax consolidation

Greatcell Solar Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation with effect from 20 August 2006. The accounting policy in relation to this legislation is set out in Note 1(b).

The members of the tax-consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(i) Franking credits

There are no franking credits available as income tax has not been paid in Australia.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
6. EARNINGS PER SHARE		
Reconciliation of earnings to profit or loss		
Loss attributable to owners of Greatcell Solar Limited used to calculate earnings per share	(7,660,452)	(11,290,499)

The calculation of basic loss per share at 30 June 2017 was based on the loss attributable to owners of Greatcell Solar Limited of \$7,660,452 (2016: \$11,290,499) and a weighted average number (W.A.N.) of ordinary shares outstanding during the financial year ended 30 June 2017 of 370,460,384 (2016: 357,108,158) calculated as follows:

	2017		2016	
	Actual No.	W.A.N.	Actual No.	W.A.N.
Issued ordinary shares at beginning of year	370,812,058	370,812,058	339,033,459	339,033,459
Effect of shares issued pursuant to placement	-	-	33,920,217	18,798,350
Effect of issue of shares as a share based payment	758,715	440,679	1,737,088	1,051,572
	371,570,773	371,252,737	372,953,676	357,831,809
Effect of Treasury shares purchase	(863,974)	(792,353)	(3,878,706)	(1,775,223)
Issued ordinary shares at end of year	370,706,799	370,460,384	370,812,058	357,108,158

Diluted loss per share, calculated by taking into account 7,353,211 performance rights (2016: 6,100,000) does not show an inferior view of the earnings performance of the Company than is shown by basic loss per share and is not disclosed for this reason.

	2017 \$	2016 \$
7. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	994,987	4,560,518

Cash at bank and in hand has interest bearing accounts which earn interest at rates from 0.00% pa to 2.90% pa. The Company has a bank guarantee of \$234,000 towards a leasing facility for plant and machinery purchases.

	2017 \$	2016 \$
8. TRADE AND OTHER RECEIVABLES		
Trade receivables	91,009	66,380
Loans	50,861	22,917
R & D tax rebate receivable	3,940,341	3,800,000
Interest receivable	-	3,846
Other receivables	472,958	451,303
	4,555,169	4,344,446

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

8. TRADE AND OTHER RECEIVABLES (CONTINUED)

Provision for doubtful debts

Trade receivables are non-interest bearing and are generally on 30 to 90 day payment terms. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts.

Past due but not considered doubtful

At 30 June 2017 trade receivables of \$66,619 (2016: \$38,535) were past due. The balance was not considered to be doubtful. The balance of trade receivables relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2017 \$	2016 \$
Not past due	24,389	27,845
1 to 30 days past due	30,879	27,643
31 – 60 days past due	3,876	160
Over 60 days past due	31,864	10,732
Balance at end of year	91,008	66,380

Receivable balances which are neither overdue nor impaired are expected to be received when due, as they relate to long standing customers with good payment history or government entities which typically have long payment delays.

9. INVENTORIES

At net realisable value

Finished goods	333,312	338,721
Raw materials	259,821	239,423
Work in progress	7,370	49,962
	600,503	628,106

Included in the above net realisable value is a provision for slow moving inventory in relation to equipment and materials on hand of a total of \$660,705 (2016: \$783,326) that were recorded mainly in relation to liquid DSC technology.

10. OTHER CURRENT ASSETS

Prepaid expenses	170,607	298,795
GST receivable	-	83,712
	170,607	382,507

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
11. PROPERTY, PLANT AND EQUIPMENT		
Office furniture and equipment, at cost	833,954	829,939
Less: Accumulated depreciation	(798,752)	(766,817)
	35,202	63,122
Plant and equipment, at cost	6,102,758	6,250,628
Less: Accumulated depreciation	(5,386,456)	(5,687,910)
	716,302	562,718
Motor vehicles, at cost	23,864	23,864
Less: Accumulated depreciation	(23,864)	(20,931)
	-	2,933
Computer software, at cost	392,534	392,535
Less: Accumulated depreciation	(385,924)	(369,638)
	6,610	22,897
Leasehold improvements, at cost	2,356,592	2,356,592
Less: Accumulated depreciation	(2,356,592)	(2,356,592)
	-	-
Total property, plant and equipment	758,114	651,670

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Office furniture and equipment		
Balance at beginning of year	63,122	70,864
Effect of movement in foreign exchange	(1,398)	(2,203)
Additions	10,010	30,348
Write off	-	(195)
Depreciation	(36,532)	(35,692)
Balance at end of year	35,202	63,122

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Plant and equipment		
Balance at beginning of year	562,718	754,741
Effect of movement in foreign exchange	85,336	(15,614)
Additions	415,715	251,844
Disposals	(91,675)	(19,674)
Depreciation	(255,792)	(408,579)
Balance at end of year	716,302	562,718
Motor vehicles		
Balance at beginning of year	2,933	33,429
Disposals	-	(28,454)
Depreciation	(2,933)	(2,042)
Balance at end of year	-	2,933
Computer software		
Balance at beginning of year	22,897	32,633
Additions	-	16,374
Depreciation	(16,287)	(26,110)
Balance at end of year	6,610	22,897
12. INTANGIBLE ASSETS		
Intellectual property and patents, at cost	3,791,610	3,791,610
Less: Accumulated amortisation	(3,035,610)	(2,806,687)
Less: Impairment Loss	(69,231)	(69,231)
	686,769	915,692
Customer contracts	528,780	528,780
Less: Accumulated amortisation	(528,780)	(528,780)
Total intangible assets	686,769	915,692

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
12. INTANGIBLE ASSETS (CONTINUED)		
Reconciliations		
Reconciliations of the carrying amounts for each class of intangible asset are set out below:		
Intellectual property and patents		
Balance at beginning of year	915,692	1,231,154
Impairment loss	-	(69,231)
Amortisation	(228,923)	(246,231)
Balance at end of year	686,769	915,692
Customer contracts		
Balance at beginning of year	-	88,130
Amortisation	-	(88,130)
Balance at end of year	-	-
Goodwill		
Balance at beginning of year	-	3,600,474
Impairment loss	-	(3,600,474)
Balance at end of year	-	-

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in profit or loss.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

13. INVESTMENT IN ASSOCIATE

The consolidated financial statements include the financial statements of Greatcell Solar Limited and the investment in associate listed in the following table:

Name	Country of incorporation	% Ownership interest		Investment \$	
		2017	2016	2017	2016
Printed Power Pte Ltd.	Singapore	25	25	113,485	117,183

Printed Power Pte Ltd.

Greatcell Solar Limited holds a 25% equity stake through a strategic investment of \$113,485 in Printed Power Pte Ltd, a spinoff company out of Nanyang Technological University (NTU). Printed Power is initially focussing on the integration of Dye Solar Cell (DSC) technology with printed storage and power management systems to create fully integrated Combined Energy Generation and Storage devices. The aim is to be at the forefront of fully printed and self-sustaining Combined Energy Generation and Storage (CEGS) solutions globally. CEGS devices have a range of applications including sensor networks and smart building applications, thereby opening up a wide range of commercial opportunities.

The movement in investment in associate during the year is as follows:

	Associate Printed Power Pte Ltd	
	2017 \$	2016 \$
Deemed cost of investment at the beginning of year	117,183	117,162
Loss during year	(3,698)	21
Deemed cost of investment at end of period	113,485	117,183

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
13. INVESTMENT IN ASSOCIATE (CONTINUED)		
Share of associate's commitments		
Lease commitment	-	-
Summarised financial information in respect of the Group's associate as set out below:		
Financial position of associate		
Total assets	3,941	25,071
Total liabilities	1,136	19,261
Net assets	2,805	5,810
Financial performance of associate		
Total revenue and grant income	4,879	27,165
Total (loss)/profit for the year	(3,698)	21
Contingent liabilities relating to associate		
There are no material contingent liabilities relating to the associate at the end of the reporting period.		
Share of associate commitments		
The associate has no material commitments at the end of the reporting period.		
14. TRADE AND OTHER PAYABLES		
Unsecured liabilities – current		
Trade creditors	702,892	390,472
Other creditors and accruals	709,321	540,922
Unearned income	750,689	635,018
Other payables (non-trade)	244,137	208,855
	2,407,039	1,775,267
Unsecured liabilities – non-current		
Other payables (non-trade)	170,871	130,400
	170,871	130,400
15. LEASE LIABILITIES		
Secured lease liabilities		
Current	204,684	37,792
Non-current	162,533	-
	367,217	37,792

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leased assets recognised in the statement of financial position revert to the lessor in the event of default. A bank guarantee \$234,000 was effected for the lease facility used for the purpose of plant and machinery purchases

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
16. BORROWINGS		
Current		
Financing Facility – secured	2,500,000	-

Security details

The Company has established a \$2.5 million Financing Facility with the Commonwealth bank that allows an advanced drawdown of up to 90% of accrued Research and Development Tax Offset credits. The eligible R&D tax offset cash rebate expected from the ATO for the financial year ending 30 June 2017 forms the primary security for the Facility. The financing facility incurs a line fee of 4% on the Facility Limit, and a Liquidity Fee of BBSY (Bank Bill Benchmark Rate for the Funding Period) plus 0.25% p.a. on amounts drawn down.

The Commonwealth bank has the following securities in place for this Facility:

1. General Security Interest over the following companies:

- Greatcell Solar Ltd
- Greatcell Solar Australia Pty Ltd
- Greatcell Solar Industries Pty Ltd

This charge captures all present and after acquired property within these entities.

2. Corporate guarantees are held from the subsidiary entities.

17. PROVISIONS		
Current		
Employee benefit provision	482,799	390,370
Make good provision	296,371	272,199
	779,170	662,569
Non-Current		
Employee benefit provision	285,045	247,247
	285,045	247,247

Make good provision

The Group is required under the terms of its lease to restore the leased premises at the end of the lease to its original condition. A provision has been recognised for the present value of the estimated expenditure required to demolish any leasehold improvements at the end of the lease. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease or the useful life of the assets. Some of the leases have expired and some are due to expire during the next financial year and the Company is presently evaluating the options for favourable renewal terms that will meet the Company's requirements.

	2017 \$	2016 \$
18. CONTRIBUTED EQUITY		
Issued and paid-up capital		
Fully paid ordinary shares 372,953,676 (2016: 372,953,676)	108,329,352	109,226,361
Treasury shares: 2,246,877 (2016: 2,141,618)	(168,652)	(897,009)
Contributed equity	108,160,700	108,329,352

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

18. CONTRIBUTED EQUITY (CONTINUED)

Ordinary Shares

The movements in ordinary shares throughout the year were as follows:

	Number	\$
Balance at 1 July 2015	339,033,459	100,713,911
Issue of shares to CSIRO as repayment @\$0.318 per share	2,717,279	864,095
Issue of shares for cash pursuant to the Company's Share Purchase Plan Offer at \$0.26 per share	29,446,253	7,656,026
Issue of shortfall shares to underwriters of the Company's Share Purchase Plan Offer at \$0.26 per share	1,756,685	456,738
Transaction costs of share issues	-	(464,409)
	372,953,676	109,226,361
Treasury shares purchase @\$0.2313 average per share*	(3,878,706)	(897,009)
Treasury shares issued on exercise of performance rights @\$0.2200 average per share*	1,737,088	-
Balance at 30 June 2016	370,812,058	108,329,352
863,679 Treasury shares purchase @\$0.195 average per share	(863,974)	(168,652)
Issue of 758,715 Treasury shares on exercise of performance rights @\$0.2490 average per share	758,715	-
Balance at 30 June 2017	370,706,799	108,160,700

* Treasury shares are shares in Greatcell Solar Limited that are held by "AET SFS Pty Ltd (previously Dyesol EST Managers Pty Ltd)" for the purpose of issuing shares under the Greatcell Solar Limited Performance Rights Plan. During the period, the Company acquired 863,974 of its own shares at a cost of \$168,652 for the purpose of making awards under the Greatcell Solar Limited Employee Performance Rights Plan ("Plan") and these shares have been classified in the statement of financial position as treasury shares within equity. A total of 758,715 treasury shares have now been fully allotted to various employees upon vesting of their performance rights during the period. Shares issued to employees are on a first in first out basis.

Share Options

No options were issued or exercised during the year.

Performance Rights

The performance rights issued under the Greatcell Solar Limited Performance Rights Plan for ordinary fully paid shares outstanding as at the end of the reporting period was 7,353,211 (2016: 6,100,000).

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
19. RESERVES		
Equity-settled benefit (a)	7,418,846	6,781,291
Foreign currency translation reserve*	(410,770)	(305,524)
Equity component on convertible note	798,887	798,887
	7,806,963	7,274,654

***Foreign currency translation reserve**

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

(a) Equity-settled benefit

The equity-settled benefit reserve is used to record the value of options, share rights and shares issued as share-based payments provided to employees, including key management personnel and consultants as part of remuneration.

Movement in reserve during the year:

Balance at the beginning of the year	6,781,291	6,256,887
Share rights granted to employees/directors	637,555	524,404
	7,418,846	6,781,291

20. NON-CONTROLLING INTEREST

Non-controlling interest in controlled entities comprise:

Interest in share capital	2,758	2,758
Interest in reserve	(1,119)	(1,044)
Retained earnings	(8,979)	(3,164)
Total non-controlling interest	(7,340)	(1,450)

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

21. FINANCIAL INSTRUMENTS DISCLOSURE

Overview

The consolidated entity is exposed to risks that arise from its use of financial instruments. This note describes the consolidated entity's objectives, policies and processes for managing those risks and the methods used to measure them, and the management of capital. Further quantitative information in respect of these risks is presented throughout these financial statements.

The consolidated entity has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Committee, which is responsible for overseeing how management monitors compliance with the consolidated entity's risk management policies and procedures and reviewing the adequacy of the risk management framework in relation to the risks faced by the consolidated entity. In addition, a Senior Management Committee that comprises management from various disciplines reviews and monitors in detail the risk management framework and reports its findings regularly to the Board.

Risk management policies and procedures are established to identify and analyse the risks faced by the consolidated entity to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The consolidated entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Risk Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company however has no financial instruments by levels 1, 2 or 3 at the end of the financial year reporting period.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

21. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

	2017 Carrying amount \$	2016 Carrying amount \$
<i>Greatcell Solar holds the following financial instruments:</i>		
<i>Financial assets</i>		
Cash and cash equivalents	994,987	4,560,518
Loans and receivables	516,747	418,073
Total financial assets	1,511,734	4,978,591
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	1,995,355	1,094,617
Borrowings	2,500,000	-
Total financial liabilities at amortised cost	4,495,355	1,094,617
Total financial liabilities	4,495,355	1,094,617

Credit risk

Credit risk is the risk of financial loss to the consolidated entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Cash and term deposits

The consolidated entity places its cash deposits with high credit quality financial institutions and uses a number of institutions. 67% of cash is held with St George Bank in Australia. The remaining cash is held at reputable financial institutions in various geographical locations.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

21. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Trade and other receivables

The credit risk on financial assets of the consolidated entity is the carrying amount of receivables, net of provisions for impairment loss against doubtful debts. The consolidated entity minimises its concentrations of this credit risk by undertaking transactions with customers and counterparties in various countries. As at 30 June 2017, the majority of exposure to trade receivables is in USA and Europe.

The consolidated entity has established a credit policy under which each new customer is first encouraged to use on line ordering and credit card payment. If the customer contacts Greatcell Solar requesting other arrangements, the customer is analysed individually for creditworthiness before appropriate payment and delivery terms and conditions are offered. The consolidated entity's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and approved per authority levels outlined in the credit policy. These limits are reviewed in accordance with the credit policy frequency guidelines. Customers that fail to meet the consolidated entity's benchmark creditworthiness may transact with the consolidated entity only on a prepayment or cash only basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Customers that are graded as 'high risk' are placed on a restricted customer list, and future sales are made on a prepayment or cash only basis.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the consolidated entity may have a secured claim. In certain circumstances the consolidated entity requires collateral or bank guarantees in respect of trade and other receivables.

The maximum exposure to credit risk at the end of the reporting period is as follows:

	2017	2016
	\$	\$
The consolidated entity's maximum exposure to credit risk for loans and receivables and cash and cash equivalents at the end of the reporting period by geographic region was:		
Country		
Australia	770,384	4,575,620
UK	410,181	45,913
Italy	193,620	189,097
Switzerland	40,430	68,868
Germany	-	17,739
USA	-	(29)
Rest of Americas	27,268	22,768
Japan	-	1,812
Republic of Korea	51,293	49,245
Rest of Asia	18,558	7,558
	1,511,734	4,978,591

Included in loans and receivables is the consolidated entity's most significant customer, located in USA and owing \$26,649 which accounts for 29% of trade receivables at 30 June 2017.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

21. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Liquidity risk

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

Typically the consolidated entity ensures that it has sufficient cash available on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Maturity analysis

The following are the Contractual Maturities of Financial Liabilities:

Consolidated 2017	Carrying amount	Contractual cash flow	6 Months or less	6-12 Months	1-2 Years	2-3 Years
	\$	\$	\$	\$	\$	\$
<i>Financial liabilities at amortised cost</i>						
Borrowings	2,500,000	2,500,000	2,500,000	-	-	-
Trade and other payables	1,995,355	1,995,355	1,995,355	-	-	-
Total financial liabilities	4,495,355	4,495,355	4,495,355	-	-	-
Consolidated 2016	Carrying amount	Contractual cash flow	6 Months or less	6-12 Months	1-2 Years	2-3 Years
	\$	\$	\$	\$	\$	\$
<i>Financial liabilities at amortised cost</i>						
Trade and other payables	1,094,617	1,094,617	1,094,617	-	-	-
Total financial liabilities	1,094,617	1,094,617	1,094,617	-	-	-

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The consolidated entity is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the parent company. The major functional currencies of the group entities are the Australian dollar (AUD), the Euro (EUR), the Pound Sterling (GBP), the Yen (JPY), the US Dollar (USD), the Republic of Korea Won (KRW) and the Swiss Franc (CHF). Primarily the transactions undertaken by the group entities are denominated in their functional currency.

Accounts payable and borrowings, which include amounts payable in foreign currencies, are shown in their Australian dollar equivalents.

In respect of other monetary assets and liabilities denominated in foreign currencies and to provide cash for forecast commitments in other jurisdictions, the consolidated entity ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The consolidated entity does not enter into forward or other contracts to hedge currency risk.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

21. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

The consolidated entity's exposure to foreign currency risk at the end of the reporting period was as follows:

	2017 \$	2016 \$
GBP Denominated		
<i>Financial assets</i>		
Cash and cash equivalents	127,621	1,924,233
Loans and receivables	295,105	-
<i>Total financial assets</i>	422,726	1,924,233
<i>Financial liabilities</i>		
Trade and other payables	303,262	86,143
<i>Total financial liabilities</i>	303,262	86,143
Net exposure	119,464	1,838,090
Euro Denominated		
<i>Financial assets</i>		
Cash and cash equivalents	144,608	364,517
Loans and receivables	62,440	114,866
<i>Total financial assets</i>	207,048	479,383
<i>Financial liabilities</i>		
Trade and other payables	376,714	375,517
<i>Total financial liabilities</i>	376,714	375,517
Net exposure	(169,666)	103,866
CHF Denominated		
<i>Financial assets</i>		
Cash and cash equivalents	-	248,427
Loans and receivables	41,520	-
<i>Total financial assets</i>	41,520	248,427
<i>Financial liabilities</i>		
Trade and other payables	63,099	18,865
<i>Total financial liabilities</i>	63,099	18,865
Net exposure	(21,579)	229,562

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
21. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)		
JPY Denominated		
<i>Financial assets</i>		
Cash and cash equivalents	21,808	261,382
<i>Total financial assets</i>	21,808	261,382
Net exposure	21,808	261,382
USD Denominated		
<i>Financial assets</i>		
Cash and cash equivalents	14,940	123,869
Loans and receivables	26,649	23,148
<i>Total financial assets</i>	41,589	147,017
<i>Financial liabilities</i>		
Trade and other payables	5,477	-
<i>Total financial liabilities</i>	5,477	-
Net exposure	36,112	147,017
KRW Denominated		
<i>Financial assets</i>		
Cash and cash equivalents	44,391	39,764
Loans and receivables	6,902	9,481
<i>Total financial assets</i>	51,293	49,245
<i>Financial liabilities</i>		
Trade and other payables	199,987	207,479
<i>Total financial liabilities</i>	199,987	207,479
Net exposure	(148,694)	(158,234)

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
21. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)		
<i>Sensitivity analysis</i>		
A 10% strengthening or weakening of the Australian Dollar against other foreign currencies at 30 June 2017 would have increased/ (decreased) profit and equity by the amounts below. Analysis assumes that all other variables, in particular interest rates, remain constant.		
Judgements of reasonably possible movements:		
		<i>Post Tax Profits and Equity Higher/(Lower)</i>
	2017 \$	2016 \$
GBP Denominated		
+10% (AUD/GBP)	(11,946)	(183,809)
-10% (AUD/GBP)	11,946	183,809
Euro Denominated		
+10% (AUD/EUR)	16,967	(10,387)
-10% (AUD/EUR)	(16,967)	10,387
CHF Denominated		
+10% (AUD/CHF)	2,158	(22,956)
-10% (AUD/CHF)	(2,158)	22,956
JPY Denominated		
+10% (AUD/JPY)	(2,181)	(26,138)
-10% (AUD/JPY)	2,181	26,138
USD Denominated		
+10% (AUD/USD)	(3,611)	(14,702)
-10% (AUD/USD)	3,611	14,702
KRW Denominated		
+10% (AUD/KRW)	14,869	15,823
-10% (AUD/KRW)	(14,869)	(15,823)

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

21. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Interest rate risk

The consolidated entity's exposure to market interest rates relates primarily to the investments of cash balances. The consolidated entity has cash reserves held primarily in AUD, GBP, JPY, EUR, CHF, KRW and USD and places funds on deposit with financial institutions for periods generally not exceeding three months.

At the end of the reporting period the consolidated entity's exposure to interest rate risk is as follows:

	2017 \$	2016 \$
Cash at bank and on hand	994,987	4,560,518
	994,987	4,560,518

Sensitivity analysis

At 30 June 2017, if interest rates applicable to cash at bank denominated in AUD, GBP, EUR, JPY, KRW and CHF had moved as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

Judgements of reasonably possible movements:

	Post Tax Profits Higher/(Lower)	
	2017 \$	2016 \$
+1% (100 basis points)	9,950	45,605
-1% (100 basis points)	(9,950)	(45,605)

At the reporting date the interest rate profile of the Company is as follows:

Consolidated 2017	Fixed rate \$	Floating rate \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	234,000	760,987	-	994,987
Loans and receivables	48,661	-	468,086	516,747
	282,661	760,987	468,086	1,511,734
Financial liabilities at amortised cost				
Trade and other payables	-	-	1,995,355	1,995,355
Borrowings	2,500,000	-	-	2,500,000
	2,500,000	-	1,995,355	4,495,355
Consolidated 2016	Fixed rate \$	Floating rate \$	Non-interest bearing \$	Total \$
Financial assets				
Cash and cash equivalents	-	4,560,518	-	4,560,518
Loans and receivables	22,917	-	395,156	418,073
	22,917	4,560,518	395,156	4,978,591

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

21. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

Capital risk management

The Group considers its capital to comprise of its ordinary share capital less accumulated losses.

The consolidated entity's objectives for managing capital are to ensure its ability to operate as a going concern. The Group policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to ensure the future development of the Company.

In order to achieve this objective, the Group assesses each relevant transaction to ensure risks and returns are at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims the Group considers not only its short-term position but also its long-term operational and strategic objectives.

The Group regularly reviews its capital requirements and determines whether or not to increase or decrease its borrowings.

There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

During the period the Group complied with all externally imposed capital requirements and covenants to which it is subject.

Fair values

The Directors consider that the carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings recorded in the financial statements approximates their fair values.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

22. SEGMENT REPORTING

Description of segments

Operating segments have been determined on the basis of reports reviewed by the executive management committee. The executive management committee ("committee") is considered to be the chief operating decision maker of the Group. The committee considers the business from both a product and geographic perspective and assesses performance and allocates resources on this basis. The reportable segments are as follows:

1. *Glass and Equipment*

The Glass and Equipment business unit's goals are to develop the glass-based PSC market, to support current and generate future sales of Greatcell Solar manufactured materials, PSC panels and equipment. The business unit has three activities which it supports on a global basis: Partner and Customer Business Development, Glass Application Development, and Equipment Engineering. Revenues are derived from partner and customer funded development activities in relation to products and equipment, grants, and from sales and service of equipment sets. A particular focus has been applied to Glass Application Development in the last period, with work scaling PSC from smaller R&D modules to larger mini-MAD panels (65 × 45 cm size) and also Major Area Demonstration (MAD) panel equipment engineering and facility specification. This product development activity will validate PSC at large areas with competitive performance characteristics, ultimately passing IEC industrial durability benchmarks and feeding into subsequent Pilot-scale production.

2. *Metal Strip*

The Metal Strip business unit facilitates the development of PSC on coil steel, with a revenue model to earn income from technology development contracts and grants and ultimately through royalties from licensed manufacture of the products. The technology development activities cover application of PSC in a roll-to-roll environment, with appropriate high-throughput production processes and customised material sets to suit flexible substrates. A close collaboration has been formed with the Solliance consortium over the last 1-2 years, with Greatcell Solar staff embedded within the Solliance facilities in Belgium and the Netherlands.

3. *R&D Materials and Products*

Within Greatcell Solar, the R&D Materials business unit undertakes core Perovskite Solar Cell (PSC) material technology research and development of a generic nature which is applicable to a wide range of ultimate PSC device product forms, as well as materials scale-up and manufacture for sale to internal business units, partners, and 3rd parties. A determining factor in maintaining the core PSC material R&D activity distinct from the various partner focused business units is the preservation of Greatcell Solar exclusivity and control of generated intellectual property (IP). Revenues are derived from sales of materials to external customers, grants, and technology development/service agreement provisions. The business unit also undertakes R&D into novel PSC device designs and multi-function products.

Segment accounting policies are the same as the Group's policies described in Note 1.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

22. SEGMENT REPORTING (CONTINUED)

Information provided to the executive management committee

Segment information provided to the executive management committee for the year ended 30 June 2017 is as follows:

	Glass & Equipment		Metal Strip		R&D Materials		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$
Total segment revenue	324,273	122,062	-	-	862,038	1,002,536	1,186,311	1,124,598
Inter-segment revenue	(24,427)	(30,215)	-	-	(59,652)	(71,570)	(84,079)	(101,785)
Segment revenue from external customers	299,846	91,847	-	-	802,386	930,966	1,102,232	1,022,813
Net loss	(1,675,791)	(563,333)	(1,750,178)	(2,682,398)	(4,080,351)	(3,333,456)	(7,506,320)	(6,579,187)
The executive management committee monitors segment performance based on net loss before income tax								
Other segment information								
Non-cash expenses other than depreciation and amortisation	35,133	24,277	597	93,144	327,310	174,719	363,040	292,140
Share of losses of associate included in net loss#	-	-	-	-	(3,698)	21	(3,698)	21

#total segment net loss of associate is different to the Group share of losses of associate due to the unallocated corporate and other business units income and expenses.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
22. SEGMENT REPORTING (CONTINUED)		
Other segment information		
Segment revenue		
Product segment revenue reconciles to total revenue from sales of goods and services:		
Total segment revenue	1,186,311	1,124,598
Inter segment revenue	(84,079)	(101,785)
<i>Other segment revenue</i>		
Licence fee	-	-
Technical services	187,392	1,729
Total revenue from sale of goods and services (Note 2)	1,289,624	1,024,542
The provision of technical services unit does not meet the quantitative thresholds required by AASB 8 for reportable segments. Information about these operating segments has been combined and disclosed as the other segment.		
Net loss		
Net loss reconciles to loss before income tax as follows:		
Total segment net loss	(7,506,320)	(6,579,187)
<i>Unallocated corporate and other business units income and expenses</i>		
Impairment of Goodwill	-	(3,600,474)
Impairment of intangible assets	-	(69,231)
Depreciation and amortisation	(540,466)	(806,784)
Employment cost	(1,168,891)	(1,257,370)
Share based payment	(274,516)	(232,265)
Marketing expenses	(246,997)	(386,795)
Foreign currency losses	(7,520)	(9,838)
Unrealised foreign exchange losses	(102,605)	(106,309)
Interest paid	(64,243)	(37,574)
Interest income	31,290	92,165
Intellectual property expenses	(60,641)	(167,646)
Professional fees	(355,970)	(454,543)
Legal fees	(72,904)	(134,428)
Board, secretarial & other expenses	(954,479)	(1,127,390)
Share of (losses)/ gain of associate	(3,697)	21
Other	(625,292)	(636,674)
Loss before income tax from continuing operations	(11,953,251)	(15,514,322)

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

22. SEGMENT REPORTING (CONTINUED)

Segment assets

Segment assets are not required to be disclosed because they are not provided to the chief operating decision maker.

Segment liabilities

Segment liabilities are not required to be disclosed because they are not provided to the chief operating decision maker.

Geographical information

The Group operates in four major geographical segments, being Australia, Asia, Europe (including Switzerland, Italy, Germany and the UK) and North America, being where the customers are based. All of these entities are involved in the industrialisation and commercialisation of Perovskite Solar Cell (PSC) technology.

Segment information provided to the executive management committee for the year ended 30 June 2017 is as follows:

	Australia		Asia		Europe		North America		Total	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Total segment revenue	70,908	66,902	850,640	496,690	705,617	705,847	158,178	291,475	1,785,343	1,560,914
Inter-segment revenue	-	-	(63,336)	(55,805)	(432,383)	(480,567)	-	-	(495,719)	(536,372)
Segment revenue from external customers	70,908	66,902	787,304	440,885	273,234	225,280	158,178	291,475	1,289,624	1,024,542

Segment revenue

Geographical segment revenue from external customers is measured in accordance with the accounting policies in Note 1. The segment revenue reconciles directly to total revenue from continuing operations and therefore no reconciliation is required.

Major customers

The Group had made supplies to one of its major customers in the Asia region which account for 6% of external revenue (2016: 18%). The next most significant client, in the Asia region, accounts for 4% of external revenue (2016: 3%).

Segment assets

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Australia is \$1,234,841 (2016: \$1,468,783) and the total of non-current assets located in other countries is \$210,044 (2016: \$98,580). Of the total of non-current assets located in other countries, \$127,576 (2016: \$108,496) or 9% (2016: 7%) is represented by United Kingdom.

Segment assets are allocated to countries based on where the assets are located.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
23. NOTES TO THE STATEMENT OF CASH FLOWS		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash equivalents	994,987	4,560,518
(b) Reconciliation of net cash flows from operating activities to loss after income tax		
Loss after income tax	(7,666,267)	(11,295,300)
<i>Add non-cash items</i>		
Depreciation	311,543	472,423
Amortisation	228,923	334,361
Impairment of intangible assets	-	3,669,705
Share of losses/ (gain) of associate	3,698	(21)
Equity settled share-based payment expenses	637,555	524,404
Unrealised exchange losses	110,125	116,146
Loss on disposal of fixed assets	-	12,962
Operating loss before changes in assets and liabilities	(6,374,423)	(6,165,320)
<i>Changes in assets and liabilities during the year:</i>		
Increase in trade and other receivables	(210,723)	(696,432)
Decrease in other current assets	211,899	22,189
Decrease in inventories	27,603	103,249
Increase/(decrease) in trade and other payables	521,032	(641,916)
Increase in provisions	154,397	104,794
Decrease in deferred tax liability	(73,870)	(100,309)
Net cash used in operating activities	(5,744,085)	(7,373,745)
24. CAPITAL AND OTHER COMMITMENTS		
(a) Operating lease commitments		
Property rent and lease commitment related to office premises in Australia, Switzerland, United Kingdom, Italy, and Republic of Korea:		
Not later than one year	295,795	464,430
Later than one year but not later than five years	3,480	72,660
	299,275	537,090
The consolidated entity enters into operating leases in relation to the lease of buildings. Leases generally provide the consolidated entity with right of renewal at which time all terms are renegotiated. Some of the leases are due to expire during the next financial year and the Group is presently evaluating the options for favourable renewal terms that will meet the Company's requirements. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rent is based on the relevant index or operating criteria.		
(b) Capital commitments		
Payable not later than one year	97,461	103,460
	97,461	103,460

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
25. SHARE-BASED PAYMENTS		
The total expense recognised in the profit or loss in relation to share-based payments is as follows:		
Share rights granted under the performance rights plan	637,555	524,404
	637,555	524,404

Director share options

No options were granted to directors during the year.

Employee share options

No options were granted to employees during the year.

Greatcell Solar Limited Performance Rights Plan

The Company operates an incentive scheme known as the Greatcell Solar Limited Employee Performance Rights Plan ("Plan"), which was most recently approved at the 2014 Annual General Meeting.

The number of Performance Rights which may be granted under the Plan must not exceed (assuming all outstanding Performance Rights were exercised), when aggregated with any shares issued during the previous 5 years pursuant to any other employee share scheme operated by the Company, a maximum of five per cent (5%) of the total issued capital of the Company at the time of the grant of the Performance Rights, excluding unregulated offers.

Each Performance Right has an entitlement to acquire a share in the Company at no cost. Shares issued on exercise of Performance Rights will rank equally with other shares.

Performance Rights will only vest and be automatically exercised if the applicable vesting conditions under the Plan have been satisfied or waived by the Board. All unvested Performance Rights will automatically lapse, unless the Board determines in its sole and absolute discretion to allow some or all of those Performance Rights to vest, in which case those Performance Rights will automatically exercise. There are no voting or dividend rights attaching to the Performance Rights.

Managing Director Performance Rights

During the year the Company granted 1,280,711 performance rights to Mr Richard Caldwell in relation to the Greatcell Solar Performance Rights Plan as approved by shareholders at the 2016 AGM.

All performance rights were granted for nil consideration over unissued ordinary shares.

The vesting period is 36 months from date of grant and vesting will be subject to a market vesting condition (Absolute TSR Hurdle) and a non-market service vesting condition.

The vesting conditions applicable to the 1,280,711 performance rights issued to Mr Richard Caldwell are as follows:

Vesting Conditions

100% of the Performance Rights will be subject to a performance hurdle relating to absolute TSR over a period from grant date to 30 November 2019. The Greatcell Solar TSR will be set at 100 on the date of grant of the Performance Rights and must be equal or exceed 350 on 30 November 2019: that is, the Greatcell Solar TSR must increase by 250% over the measurement period for the Performance Rights to vest.

In addition to the performance vesting conditions above, the performance rights will only vest if there is uninterrupted employment with Greatcell Solar from grant date until vesting date.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

25. SHARE-BASED PAYMENTS (CONTINUED)

Fair value of performance rights granted

The fair value of the 1,280,711 performance rights granted to Mr Richard Caldwell was calculated at the date of grant using the Monte Carlo valuation approach and allocated to each reporting period evenly over the period from grant date to vesting date. In valuing the performance rights, market conditions have been taken into account. The following table gives the assumptions made in determining the fair value of these performance rights on grant date:

Description	Performance Rights
Grant date	24 November 2016
Number of performance rights	1,280,711
Vesting date	30 November 2019
Exercise price	\$0.00
Price of shares on grant date	\$0.235
Estimated volatility	65.00%
Risk-free interest rate	1.92%
Dividend yield	0%

Based on the approach and assumptions detailed above, the estimated fair value of Mr Richard Caldwell's performance rights is \$0.0724 per share.

Employee Performance Rights

During the year the Company granted the following performance rights in relation to the Greatcell Solar Performance Rights Plan:

- 3,005,000 performance rights issued to employees

All performance rights were granted for nil consideration over unissued ordinary shares.

The vesting periods are from 12 to 36 months from date of grant and vesting will be subject to a "market-based vesting condition" (TSR Relative Hurdle) and "non-market based service conditions" i.e. KPI and Service conditions.

Vesting Conditions

The vesting conditions applicable to the 3,005,000 performance rights issued to employees are as follows:

Tranche 1: Up to 1,051,750 of the Performance Rights will vest on 1 December 2017, determined by the assessment of individual performance against individual KPIs in the financial year 1 July 2016 to 30 June 2017.

Tranche 2: Up to 751,250 of the Performance Rights will vest on 1 December 2018, if Greatcell Solar's Total Shareholder Return outperforms the S&P/ASX Small Ordinaries Index over the measurement period 1 July 2016 to 30 June 2018 (TSR Hurdle).

Tranche 3: Up to 1,202,000 of the Performance Rights will vest on 1 December 2019 if the Service condition for this tranche is met.

In addition to the Performance Vesting Conditions above, the participant must have uninterrupted employment with Greatcell Solar from Grant Date until Vesting Date (for each Tranche) for the Performance Rights (of each Tranche) to vest (Service Condition).

Fair value of performance rights granted

The fair value of the 3,005,000 performance rights granted to employees was calculated at the date of grant using the Monte Carlo valuation approach for the performance rights subject to a market vesting condition (TSR Hurdle), and using the Binomial Approximation Option Pricing valuation approach for the performance rights subject to non-market vesting conditions, and was allocated to each reporting period evenly over the period from grant date to vesting date. In valuing the performance rights, market conditions have been taken into account. The following table gives the assumptions made in determining the fair value of these performance rights on grant date:

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

25. SHARE-BASED PAYMENTS (CONTINUED)

Description	Tranche 1	Tranche 2	Tranche 3
Grant date	19 December 2016	19 December 2016	19 December 2016
Number of performance rights	1,051,750	721,250	1,202,000
Vesting date	1 December 2017	1 December 2018	1 December 2019
Exercise price	\$0.00	\$0.00	\$0.00
Price of shares on grant date	\$0.225	\$0.225	\$0.225
Estimated volatility	65.00%	65.00%	65.00%
Risk-free interest rate	1.83%	1.88%	1.96%
Dividend yield	0%	0%	0%

Based on the approach and assumptions detailed above, the estimated fair value of performance rights issued to employees is as follows:

Tranche 1	Tranche 2	Tranche 3
\$0.225	\$0.1511	\$0.2251

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

25. SHARE-BASED PAYMENTS (CONTINUED)

The following illustrates the number of, and movements in, performance rights issued to employees and directors under the Greatcell Solar Performance Rights Plan during the year:

	2017 Number	2016 Number
Performance rights		
Performance rights exercisable	7,353,211	6,100,000
<i>The following movements in the number of performance rights occurred during the financial period:</i>		
Balance at the beginning of the year	6,100,000	3,994,500
Issue of performance rights to employees and directors for nil consideration	4,285,711	4,100,000
Performance rights lapsed	(2,273,785)	(257,412)
Performance rights vested	(758,715)	(1,737,088)
Balance at the end of the year	7,353,211	6,100,000

26. RELATED PARTY TRANSACTIONS

Key Management Personnel compensation for the year is as follows:

	2017 \$	2016 \$
Short-term employee benefits	1,816,969	1,986,474
Post-employment benefits	116,928	163,478
Share based payments	485,619	283,536
	2,419,516	2,433,488

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

27. SUBSIDIARIES

The consolidated financial statements include the financial statements of Greatcell Solar Limited and the subsidiaries listed in the following table. All shares held are ordinary shares:

Name	Holding Company	Country of incorporation	Equity interest		Investment	
			2017	2016	2017	2016
Greatcell Solar Industries Pty Ltd	Greatcell Solar Limited	Australia	100	100	8,846,366	8,846,366
Greatcell Solar SA	Greatcell Solar Industries Pty Ltd	Switzerland	99	99	482,660	482,660
Greatcell Solar UK Ltd	Greatcell Solar Industries Pty Ltd	United Kingdom	100	100	24,895	24,895
Greatcell Solar Italia S.r.L.	Greatcell Solar Industries Pty Ltd	Italy	100	100	274,865	274,865
Greatcell Solar Australia Pty Ltd	Greatcell Solar Industries Pty Ltd	Australia	100	100	100	100
Dyesol Inc.*	Greatcell Solar Industries Pty Ltd	United States of America	100	100	6,402	6,402
Greatcell Solar Korea Co. Ltd	Greatcell Solar Limited	Republic of Korea	100	100	1,877,850	1,877,850
					11,513,138	11,513,138

* Operations ceased, undergoing liquidation.

All of the above amounts have been provided for in the Parent Company's accounts

28. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2017.

29. CAPITAL COMMITMENTS

The AU\$2.5M Cooperative Research Centres Projects (CRC-P) grant received by Greatcell Solar pertains to large area perovskite photovoltaic material coating on glass substrates. This work programme is in conjunction with CSIRO and CSR Building Products / Viridian Glass and extends over a period of 18 months from 1 April 2017. Under the Funding Agreement for the project between Greatcell Solar and the Department of Industry, Innovation and Science, Greatcell Solar is committed to spend AU\$2.55M on equipment.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

30. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Greatcell Solar Limited, at 30 June 2017. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2017 \$	2016 \$
Assets		
Current assets	4,613,489	8,201,070
Non-current assets	125,667	125,667
Total Assets	4,739,156	8,326,737
Liabilities		
Current liabilities	4,111,495	1,215,983
Non-current liabilities	53,279	35,605
Total Liabilities	4,164,774	1,251,588
Net Assets	574,382	7,075,149
Equity		
Issued capital	108,160,700	108,329,351
Reserves – equity-settled benefit	8,217,734	7,580,178
Accumulated losses	(115,804,052)	(108,834,380)
Total Equity	574,382	7,075,149
Loss for the year	(6,969,672)	(4,333,131)
Total comprehensive income for the year	(6,969,672)	(4,333,131)

Contingent liabilities

The Parent entity had no contingent liabilities as at 30 June 2017.

Capital commitments

The AU\$2.5M Cooperative Research Centres Projects (CRC-P) grant received by Greatcell Solar pertains to large area perovskite photovoltaic material coating on glass substrates. This work programme is in conjunction with CSIRO and CSR Building Products / Viridian Glass and extends over a period of 18 months from 1 April 2017. Under the Funding Agreement for the project between Greatcell Solar and the Department of Industry, Innovation and Science, Greatcell Solar is committed to spend AU\$2.55M on equipment.

Notes to the Consolidated Financial Statements

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

31. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

1. In August 2017, an additional \$800k drawdown was made from the Commonwealth bank R&D Tax offset Credit Financing Facility, bringing the total drawdown to \$3.3m.
2. The Company announced a Share Purchase Plan (SPP) on 28 July 2017 at an issue price of \$0.18 per share. A total of \$2.7 million was contributed by shareholders in the SPP, resulting in an additional 15,114,703 ordinary fully paid shares being issued.
3. In August 2017 the Company received a letter of negotiation (LON) offer for a \$6 million grant under the Advancing Renewables Program (ARP) of the Australian Renewable Energy Agency (ARENA). The grant supports a Perovskite Solar Cell Technology - Large Area Module Development Project with the grant award being subject to meeting terms and conditions, including:
 - Completion of all final project documents, including the ARENA Funding Agreement and Knowledge Sharing Agreement in a form and substance satisfactory to ARENA;
 - A minimum of \$5.0 million (excluding GST) in new capital being raised, exclusive of ARENA's funding contribution.

Directors' Declaration

GREATCELL SOLAR LIMITED AND ITS CONTROLLED ENTITIES FOR THE YEAR ENDED 30 JUNE 2017

The directors of the Company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date.
2. The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. 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.
4. The remuneration disclosures included in paragraphs on pages 16 to 30 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2017, comply with section 300A of the Corporations Act 2001.
5. The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



Ian Neal, Chairman

Dated this 27th day of September 2017

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Auditor's Independence Declaration To the Directors of Greatcell Solar Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Greatcell Solar 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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S M Coulton
Partner - Audit & Assurance

Sydney, 27 September 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Independent Auditor's Report to the Members of Greatcell Solar Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Greatcell Solar Limited (the Company) and its subsidiaries (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 consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Greatcell Solar Limited, is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Group'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 Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which sets out the basis on which the Directors have determined that the Group is a going concern.

The Group incurred a net loss of \$7,666,267 during the year ended 30 June 2017 and an operating net cash outflow of \$5,744,085. Cash and cash equivalents amount to \$994,987 at 30 June 2017.

In Note 1 it is stated that the Group requires additional funding in order to continue as a going concern. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our report is not modified in relation to this matter.

Key Audit Matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Share based payments (Notes 1(o) and 25)</p> <p>The Group has granted performance rights to the Managing Director and to eligible employees during the year.</p> <p>In accordance with AASB 2 <i>Share-based Payment</i> the Group is required to reflect the effects of these transactions in its financial statements.</p> <p>This area is a key audit matter due to the degree of estimation required in the valuation methodology applied, together with the judgements by management with regard to the inputs and assumptions used in the valuation model and in estimating the number of rights that are likely to vest.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • agreeing terms and conditions of performance right grants to supporting documents; • assessing the competence of experts engaged by management to perform the valuation; • reviewing the valuation methodology model and the inputs and assumptions applied for appropriateness; • reviewing support for assumptions made by management in relation to satisfaction of performance conditions by recipients; and • reviewing management's calculations of expenses and amounts recognised in equity for the year.
<p>Recognition of a Research & Development tax offset (Notes 1(b) and 5)</p> <p>The Group receives a 43.5% refundable tax offset (2016: 45%) of eligible expenditure under the research and development ("R&D") tax incentive scheme if turnover is less than \$20 million per annum. An R&D plan is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash. Management, with the assistance of a management expert, performed a detailed review of the Group's total R&D expenditure to estimate the refundable tax offset receivable under the R&D tax incentive legislation. The receivable recorded at year-end represents an estimated claim for the period 1 July 2016 to 30 June 2017.</p> <p>This area is a key audit matter due to the inherent subjectivity that is involved in the Group making judgements in relation to the estimation and recognition of the R&D tax incentive income and receivable.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • testing the mathematical accuracy of the calculation of eligible R&D expenditure prepared by management and comparing it to the prior period claim; • utilising an internal R&D tax specialist to assess the methodology used and the nature of the expenses claimed for consistency with tax legislation; • comparing the eligible expenditure used in the estimate to the expenditure recorded in the general ledger; • assessing management's prior year estimates to actual results to support the reliability of the estimate of R&D incentive receivable; • inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims history; and • assessing the adequacy of disclosures in the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

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 we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors' for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 30 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Greatcell Solar Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S M Coulton
Partner - Audit & Assurance

Sydney, 27 September 2017

ADDITIONAL SHAREHOLDER INFORMATION

Top holders

The 20 largest registered holders of each class of quoted equity security as at 26 September 2017 were:

Fully paid ordinary shares

Name	No. of Shares	%
1. National Industrialization Company "TASNEE"	113,587,684	29.27
2. J P Morgan Nominees Australia Limited	94,266,643	24.29
3. Richard Alexander Caldwell	8,557,587	2.21
4. Commonwealth Scientific and Industrial Organisation	4,926,067	1.27
5. HSBC Custody Nominees (Australia) Limited	3,879,710	1.00
6. Gwynvill Trading Pty Limited	3,703,775	0.95
7. Thomas Hans Offermann <The Offermann Family A/C>	3,406,422	0.88
8. AET SFS Pty Ltd <Dyesol Unallocated A/C>	3,285,076	0.85
9. HSBC Custody Nominees (Australia) Limited - A/C 2	2,578,821	0.66
10. RBC Investor Services Australia Pty Ltd <VFA A/C>	2,292,347	0.59
11. Citicorp Nominees Pty Limited	2,240,166	0.58
12. AET SFS Pty Ltd <Dyesol A/C>	1,862,889	0.48
13. Gordon Thompson + Jeanette Thompson <Thompson Family S/F A/C>	1,835,779	0.47
14. Mark John Conway	1,628,816	0.42
15. Christopher Charles Pugh	1,554,805	0.40
16. Richard Alexander Caldwell <Frith Super Fund A/C>	1,548,985	0.40
17. John Frederick Pais	1,500,000	0.39
18. Fitplanet Investments Pty Ltd <The Fitplanet A/C>	1,425,333	0.37
19. Yong International Investments Pty Ltd <Yong S/F A/C>	1,157,070	0.30
20. Brazil Farming Pty Ltd	1,000,000	0.26
	256,237,975	66.03

Distribution schedules

A distribution schedule of each class of equity security as at 26 September 2017:

Ordinary fully paid shares

Range	Holders	Units	%
1 - 1,000	735	296,743	0.08
1,001 - 5,000	1,418	4,232,482	1.09
5,001 - 10,000	720	5,648,840	1.45
10,001 - 100,000	1,743	58,442,634	15.06
100,001 - Over	309	319,447,680	82.32
Total	4,925	388,068,379	100.00

Substantial shareholders

The names of substantial shareholders in Dyesol Limited as at 26 September 2017 and the number of shares in which each substantial shareholder and their associates have a relevant interest are set out below:

Substantial shareholder	Number of Shares
National Industrialization Company "TASNEE"	113,587,684

Restricted Securities or Securities Subject to Voluntary Escrow

As at 26 September 2017, the Company had no restricted securities on issue.

As at 26 September 2017, the Company had no securities subject to voluntary escrow.

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 2,778 shares as at 26 September 2017):

Holders	Units
1,435	1,636,504

Voting Rights

The voting rights attaching to ordinary shares are:

On a show of hands, every member present in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.