

8 November 2011

The Directors  
GreenTech Flagship Limited  
Suite 601, Level 6, 5 Rider Boulevard  
RHODES NSW 2138

Dear Sirs/Mesdames

## INVESTIGATING ACCOUNTANT'S REPORT

### 1. Introduction

Nexia Court & Co ("Nexia") has been engaged by the Directors of GreenTech Flagship Limited (GreenTech or the Company) to prepare an Investigative Accountants Report for inclusion in an application to list the company on the SIM Venture Securities Exchange Limited (SIM VSE).

The application is supported by the following initial and proposed capital raisings:

- Initial share issue of 1,480,000 fully paid shares at \$0.20 to raise \$296,000 on incorporation of the company;
- Initial share issue of 2,250,000 fully paid ordinary shares at \$0.005 each to acquire the intellectual property of solar panel bundling technology at an agreed value of \$11,250.
- Proposed offer to sophisticated investors (which has been fully subscribed) of 1,270,000 fully paid shares at \$0.20 that will generate further capital of \$254,000.

Funds raised under the initial share issue and subsequent share offer to sophisticated investors will be utilised to fund the company's development of its solar panel technology and provide working capital, specifically to:

- Establish its initial commercial scale manufacturing plant in China;
- Commence commercial production of the bundled solar panels within 3 to 6 months of listing; and
- Strategically market the new products in Australia and China for immediate sale.

The purpose of this report is to provide information on the current financial position of GreenTech, being an unaudited pro forma Balance Sheet and Income Statement for the period ended 4 November 2011 as set out in the attached Annexure. The pro forma Balance Sheet and Income Statement illustrates the financial effects of the proposed capital raising and the payment of issue costs.

### 2. Corporate History and Nature of Business

GreenTech was incorporated in Australia on 27 October 2011. GreenTech is a Research & Development centre based on solar technology with industry scientists providing optimised solutions in the solar industry.

GreenTech has acquired the worldwide patent rights and know-how associated with the production of solar panels that allow photovoltaic cells to be bundled thereby increasing the energy absorption and power generation of solar panels.



### 3. Scope of Work

We have been requested to prepare an Investigating Accountant's Report for inclusion in the company's application to list on the SIM VSE, dealing with the following financial information:

- Pro forma Financial Statements of GreenTech Flagship Limited as at 4 November 2011.

#### **Pro forma Financial Information**

The proforma historical financial statements of the company comprise the summary balance sheet of GreenTech as at 4 November 2011 after reflecting all the transactions described in Note 4 of the Appendix as if they were completed at that date.

The Company's directors are responsible for the preparation and presentation of the historical financial information.

The proforma historical financial information is presented in an abbreviated form in so far as it does not include all the disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

We have conducted our review in accordance with Australian Auditing Standard ASRE 2405 "Review of historical financial information other than a financial report". We have made enquiries and performed procedures that we, in our professional judgment, considered reasonable in the circumstances including:

- A review of the proforma transactions and/or adjustments made to the actual historical financial information;
- Review of work papers, accounting records and other documents and reports;
- Comparison of consistency in the application of the recognition and measurement principles in Australian Generally Accepted Accounting Principles (AGAAP), and the accounting policies adopted by the company and disclosed in the Annexure – Note 3; and
- Enquiry of Directors, management and other officers of the company

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and, accordingly, we do not express an audit opinion.

The conclusions expressed in this report have been formed on the above basis.

### 4. Opinion

#### ***Pro forma Financial Information***

- i. Based on our review of the pro forma Balance Sheet and Income Statement, as set out in the Annexure, nothing has come to our attention which causes us to believe that the pro forma Balance Sheet and Income Statement does not present fairly the financial position and performance of GreenTech Flagship Limited on the basis that all the transactions described in Note 4 of the Annexure in this report had taken place.
- ii. In our opinion, the pro forma Balance Sheet and Income Statement have been properly prepared in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements and the accounting policies adopted by GreenTech Flagship Limited described in the Annexure.

## 5. Subsequent Events

Apart from the matters dealt with in the report, and having regard to the scope of our report, to the best of our knowledge and belief, no material items, transactions or events outside of the ordinary business of the Company have come to our attention which would require comment on, or adjustment to, the information referred to in our report or that would cause the information to be misleading or deceptive.

## 6. Independence Disclosure

Nexia does not have and never has had any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion in relation to this report. Nexia will receive a professional fee for the preparation of this Report.

Consent has been given to the inclusion of this Investigating Accountant's Report in the listing application in the form and context in which it appears. However, the giving of this consent should not be taken as an endorsement of GreenTech or a recommendation by the author of any participation in the offer by intending investors. Neither the author nor Nexia gives any assurance or guarantee whatsoever with respect to the future success of, or financial returns associated with the listing application.

Nexia has not been requested to consider the prospects of GreenTech or the shares on offer and any related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly have not done so, nor purport to do so. Further, we take no responsibility for any matter or omission in the application, other than responsibility for this report.

Yours faithfully  
**Nexia Court & Co**

A handwritten signature in black ink, appearing to read 'AH', followed by a long horizontal line extending to the right.

**Andrew Hoffmann**  
*Partner*

Encl.

Annexure

GREENTECH FLAGSHIP LIMITED  
ACN 153 972 626

PRO FORMA INCOME STATEMENT  
FOR THE PERIOD ENDED 4 NOVEMBER 2011

	<i>NOTE</i>	<i>INITIAL SHARE ISSUE &amp; IP ACQUISITION</i>	<i>PUBLIC OFFER &amp; SIM SVE APPLICATION</i>	<i>PERIOD ENDED 4 NOVEMBER 2011</i>
		\$	\$	\$
Revenue				-
<b>TOTAL REVENUE</b>				<u>-</u>
Accounting and audit			5,000	5,000
Listing fees			26,000	26,000
<b>TOTAL EXPENSES</b>				<u>31,000</u>
<b>LOSS BEFORE INCOME TAX</b>				<u>(31,000)</u>
Income tax expense				<u>-</u>
<b>LOSS FOR THE PERIOD</b>	8			<u>(31,000)</u>

The above income statement should be read  
in conjunction with the accompanying notes.

GREENTECH FLAGSHIP LIMITED  
ACN 153 972 626

PRO FORMA BALANCE SHEET  
AS AT 4 NOVEMBER 2011

	NOTE	INITIAL SHARE ISSUE & IP ACQUISITION	PUBLIC OFFER & SIM SVE APPLICATION	AS AT 4 NOVEMBER 2011
		\$	\$	\$
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	5	296,000	190,000	486,000
<b>TOTAL CURRENT ASSETS</b>				486,000
<b>NON-CURRENT ASSETS</b>				
Intangible asset	6	11,250		11,250
<b>TOTAL NON-CURRENT ASSETS</b>				11,250
<b>TOTAL ASSETS</b>				497,250
<b>CURRENT LIABILITIES</b>				
Payables				-
<b>TOTAL LIABILITIES</b>				-
<b>NET ASSETS</b>				497,250
<b>EQUITY</b>				
Contributed equity	7	307,250	221,000	528,250
Accumulated losses	8		(31,000)	(31,000)
<b>TOTAL EQUITY</b>				497,250

The above balance sheet should be read  
in conjunction with the accompanying notes.

GREENTECH FLAGSHIP LIMITED  
ACN 153 972 626

PRO FORMA STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 4 NOVEMBER 2011

	NOTE	INITIAL SHARE ISSUE & IP ACQUISITION	PUBLIC OFFER & SIM SVE APPLICATION	AS AT 4 NOVEMBER 2011
		\$	\$	\$
TOTAL EQUITY AT THE BEGINNING OF THE FINANCIAL PERIOD				
Issue of share capital (net of costs)	7	307,250	221,000	528,250
Loss for the period			(31,000)	(31,000)
TOTAL EQUITY AT THE END OF THE FINANCIAL PERIOD				497,250

The above statement of changes in equity should be read  
in conjunction with the accompanying notes.

GREENTECH FLAGSHIP LIMITED  
ACN 153 972 626

STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 4 NOVEMBER 2011

	NOTE	INITIAL SHARE ISSUE & IP ACQUISITION	PUBLIC OFFER & SIMSVE APPLICATION	AS AT 4 NOVEMBER 2011
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Payments in the course of operations			(31,000)	(31,000)
Net Cash Used in Operating Activities	9ii			(31,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from share issues		296,000	221,000	517,000
Net Cash Provided by Financing Activities				517,000
NET INCREASE IN CASH AND CASH EQUIVALENTS				486,000
Cash and Cash Equivalents at the Beginning of the Financial Period				-
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	9i			486,000

The above statement of cash flows should be read  
in conjunction with the accompanying notes.

GREENTECH FLAGSHIP LIMITED  
ACN 153 972 626

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 NOVEMBER 2011

<b>1. REPORTING ENTITY</b>
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GreenTech Flagship Limited (the 'Company') is a company incorporated in Australia under the Corporations Act 2001. The financial statements have been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial statements of the Company comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

<b>2. BASIS OF PREPARATION</b>
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**(a) MEASUREMENT BASE**

The measurement base adopted is that of historical cost unless otherwise specified. Reliance has been placed on the fact that the Company is a going concern.

**(b) FUNCTIONAL AND PRESENTATION CURRENCY**

The Company's financial statements are presented in Australian Dollars, which is the Company's functional and presentation currency. All values are rounded off to the nearest dollar.

**(c) USE OF ESTIMATES AND JUDGEMENT**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods.



GREENTECH FLAGSHIP LIMITED  
ACN 153 972 626

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 NOVEMBER 2011

<b>3. SIGNIFICANT ACCOUNTING POLICIES</b>
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The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied;

**(a) Impairment of Assets**

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

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

**(b) Cash and Cash Equivalents**

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

**(c) Intangible Assets**

*Licences and Patents*

Licences and patents have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation will be calculated using the straight-line method to allocate the cost of licences and patents over their estimated useful lives, which is for a maximum of 20 years. Currently there has been no amortisation of the intangible assets recorded for the reporting period.

**(d) 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, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

**(e) Goods and Services Tax (GST)**

The company has not registered for GST, however, revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

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

GREENTECH FLAGSHIP LIMITED  
ACN 153 972 626

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 NOVEMBER 2011

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Risk Management Policies

*Fair Value Risk*

Fair value is the amount at which assets and liabilities can be exchanged in a current transaction between willing parties, other than in a forced sale, and is best evidenced by a quoted market price, where one exists. The estimated fair values of assets and liabilities have been determined by the Company using available market information and appropriate valuation methodologies. However judgment is necessarily required to interpret market data to estimate fair values. Accordingly, the estimates are not necessarily indicative of the amounts the Company could realise in a current market exchange. The carrying amounts of the assets and liabilities approximate their fair values.

4. ACTUAL AND PROPOSED TRANSACTIONS USED IN COMPILING THE PRO-FORMA BALANCE SHEET AND INCOME STATEMENT

The pro forma balance sheet and income statement has been prepared consistently with the accounting policies detailed above.

The purpose of the pro forma balance sheet and income statement is to incorporate the effect of the following actual and proposed events subsequent to the balance date of 4 November 2011 as if they had occurred on that date:

- (i) The receipt of \$296,000 from the issue of 1,480,000 ordinary shares at an issue price of \$0.20 each. This is the initial issue of ordinary shares on incorporation of the company.
- (ii) The issue of 2,250,000 ordinary shares at an issue price of \$0.005 each as the consideration for the solar panel bundling intellectual property.
- (iii) The receipt of \$254,000 from the issue of 1,270,000 ordinary shares at an issue price of \$0.20 each. This is the maximum issue of ordinary shares proposed under the public offer to sophisticated investors.
- (iv) The payment of other costs associated with the application to list on the SIM VSE of \$31,000.
- (v) The payment of other costs incurred directly attributable to the share issue of \$33,000.

5. CASH AND CASH EQUIVALENTS

	INITIAL SHARE ISSUE & IP ACQUISITION \$	PUBLIC OFFER & SIM VSE APPLICATION \$	AS AT 4 NOVEMBER 2011 \$
Cash at bank and in hand	296,000	190,000	486,000
	296,000	190,000	486,000

GREENTECH FLAGSHIP LIMITED  
ACN 153 972 626

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 NOVEMBER 2011

**6. INTANGIBLE ASSETS**

	<i>INITIAL SHARE ISSUE &amp; IP ACQUISITION</i> \$	<i>PUBLIC OFFER &amp; SIM SVE APPLICATION</i> \$	AS AT 4 NOVEMBER 2011 \$
Intellectual property –at cost	11,250	-	11,250

The Intellectual Property consists of certain technology developments by Dr. Bronya Tsoy, a member of the Russian Academy of Sciences. This relates to the bundling of photovoltaic cells allowing more effective power generation by the solar cells.

**7. CONTRIBUTED EQUITY**

	<i>INITIAL SHARE ISSUE &amp; IP ACQUISITION</i> \$	<i>PUBLIC OFFER &amp; SIM SVE APPLICATION</i> \$	AS AT 4 NOVEMBER 2011 \$
<b>ORDINARY SHARES</b>			
Balance at the beginning of the period	-	-	-
Issue of shares <sup>1</sup>	307,250	-	307,250
Issue of shares <sup>2</sup>	-	254,000	254,000
Issue costs	-	(33,000)	(33,000)
	307,250	221,000	528,250

**SHARE RECONCILIATION**

	No. of shares	No. of shares	No. of shares
Balance at the beginning of the period	-	-	-
Issue of shares <sup>1</sup>	3,730,000	-	3,730,000
Issue of shares <sup>2</sup>	-	1,270,000	1,270,000
	3,730,000	1,270,000	5,000,000

<sup>1</sup> Shares were issued to one Director related company and two Director related investors. A total of 1,480,000 shares were issued at \$0.20 each for a total of \$296,000. Another 2,250,000 fully paid shares were issued to Green Funds Management Pty Ltd (GFM) in exchange for the solar panel technology intellectual property. Director Richard Sharp owns 50% of GFM.

<sup>2</sup> Shares were issued to sophisticated investors at \$0.20 each. The maximum amount of 1,270,000 shares were taken up by the investors.

GREENTECH FLAGSHIP LIMITED  
ACN 153 972 626

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 4 NOVEMBER 2011

**8. ACCUMULATED LOSSES**

	<i>INITIAL SHARE ISSUE &amp; IP ACQUISITION</i> \$	<i>PUBLIC OFFER &amp; SIMSVE APPLICATION</i> \$	AS AT 4 NOVEMBER 2011 \$
Balance at the beginning of the period	-	-	-
Loss for the period	-	(31,000)	(31,000)
	-	(31,000)	(31,000)

**9. RECONCILIATION OF LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

- i For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash at bank and on hand and cash on deposit. Cash and cash equivalents at the end of the financial period as shown in Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:

	<i>INITIAL SHARE ISSUE &amp; IP ACQUISITION</i> \$	<i>PUBLIC OFFER &amp; SIMSVE APPLICATION</i> \$	AS AT 4 NOVEMBER 2011 \$
Cash at bank and in hand	296,000	190,000	486,000
	296,000	190,000	486,000

- ii Reconciliation of Loss to Net Provided by Operating Activities

Loss for the period	-	(31,000)	(31,000)
Net Cash Used in Operating Activities	-	(31,000)	(31,000)

**10. RELATED PARTY TRANSACTIONS**

Other than the shares issued to directors as detailed in note 7, there were no other transactions with related parties.