



## **Sementis Ltd**

**ABN 36 138 550 811**

Financial report

For the year ended 30 June 2018

### **Pitcher Partners**

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**DIRECTORS' REPORT**

The directors present their report together with the financial report of Sementis Ltd for the year ended 30 June 2018 and auditor's report thereon.

**Directors names**

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

Paul Howley

Tom Quirk (Resigned 31 July 2017)

Maurice O'Shannassy

Peter Wulff

Glen Burgess (Appointed 12 December 2017)

Michael Hickinbotham (Appointed 12 December 2017)

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

**Results**

The loss of the company for the year after providing for income tax amounted to \$1,638,182 (2017: \$1,573,091).

**Review of operations**

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

**Significant changes in state of affairs**

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

**Principal activities**

The principal activity of the company during the year was research and development of medicinal vaccines.

No significant change in the nature of these activities occurred during the year.

**SEMENTIS LTD**  
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**DIRECTORS' REPORT**

**After balance date events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**Likely developments**

The company expects to maintain the present status and level of operations.

**Environmental regulation**

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

**Dividends paid, recommended and declared**

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

**Information on directors and company secretary**

<b>Paul Howley</b>	Executive Director
Qualifications	PhD
Experience	Paul brings to the company experience and expertise in vaccine design and development from concept to clinical trials. His scientific background has been in the field of molecular virology, specialising in viral vectors systems and vaccinology. Paul is the inventor of the company's SCV platform vaccine delivery technology and of a number of vaccines in development. He directs and manages the vaccine development programs for Sementis, utilising his extensive knowledge, experience and networks in the areas of antigen design and discovery, proof of concept studies in animal models, GLP preclinical and toxicology studies, process development and cGMP manufacturing, regulatory affairs and cGCP first in man studies concerning live viral vectored vaccines.
Special responsibilities	Chief Scientific Officer and Chief Executive Officer

**DIRECTORS' REPORT**

**Information on directors and company secretary (Continued)**

<b>Tom Quirk</b>	Non-Executive Director (Resigned 31 July 2017)
Qualifications	M.Sc.(Melb), D.Phil., M.A.(Oxon), SMP(Harv.)
Experience	Tom was appointed a director of Sementis in 2011 and brings the experience of many biotech start-ups. Tom trained as a nuclear physicist at the University of Melbourne. He has been a Fellow of three Oxford Colleges and has lived and worked in the United States and Europe. In addition Tom has been through the Harvard Business School and subsequently worked for Rio Tinto, where he was seconded to work for James D Wolfensohn in a venture capital fund. He was an early director of Biota, the developer of an influenza drug, a director of Peptech. Tom also helped establish EnGeneIC in Sydney and has been chairman of Virax. In addition he has been Deputy Chairman of VENCORP, the company that managed the transmission and the market for wholesale natural gas and Chairman of Victrack, the owner of the railway assets in Victoria.
<b>Maurice O'Shannassy</b>	Non-Executive Director
Experience	Maurice spent twenty five years in the financial services industry in Australia, the United Kingdom and Asia. His most recent role was that of CEO of BlackRock Investment Management in Australia. Prior to that he was CEO and CIO of the Asian operations of BlackRock's antecedents, Merrill Lynch Investment Management and Mercury Asset Management, and prior to that he headed the Emerging Markets Investment team for Mercury Asset Management in London. He began his career as an Economist in the Commonwealth Treasury in Canberra. He currently holds a number of Directorships in a variety of industries and not for profit organisations.
<b>Peter Wulff</b>	Non-Executive Director
Qualifications	European Patent Attorney
Experience	Peter has gained over 30 years' experience in the biotech and pharmaceutical industry, especially vaccines and patents. He was a co-founder of NeuroSearch, a Danish corporation listed on the Copenhagen Stock Exchange developing drugs acting on the central nervous system. Peter co-founded Bavarian Nordic, a biotechnology company listed on the Copenhagen Stock Exchange developing vaccines for infectious diseases and cancer. Peter later co-founded Sentinext Therapeutics (Malaysia) in 2009 to develop vaccines against EV71 and dengue, as well as other infectious diseases. He is currently an Independent Consultant to the Biotech industry, sits on the Advisory Board of the Veterinary Institute at the Danish Technical University and serves as advisor and/or board member of a number of companies in Malaysia, US, Germany, France, Denmark and Sweden. Peter holds a Master of Science in Organic Chemistry from the University of Copenhagen and qualified as a European Patent Attorney. Peter was the 2007 winner of the Biotechbuilders Association Hall of Fame.

**DIRECTORS' REPORT**

**Information on directors and company secretary (Continued)**

<b>Glen Burgess</b>	Non-Executive Director (Appointed 12 December 2017)
Qualifications	MB BS FRACS
Experience	Glen is an Otolaryngologist , Head and Neck surgeon. He is based in Melbourne Victoria where he is principal of Southern ENT, and Director of Monash Health, Snoring and Sleep Apnoea Clinic. He is a lecturer (adj) at Monash University Dptof Surgery.He graduated from Monash University in 1988 and completed his FRACS -ENT Head and Neck surgery in 2000. He worked at Stanford University medical school before completing consecutive fellowships in Head and Neck Surgery at St Georges Hospital, London and Queens University Hospital Nottingham.He has been a medical consultant for the medical industry including time with Arthrocare, Smith and Nephew and Phonak. He is currently a director of Victorian Hearing.He has published papers on airway management, sleep apnoea and hearing loss. He is currently engaged in research in assessment and treatment of sleep apnoea.
<b>Michael Hickinbotham</b>	Non-Executive Director (Appointed 12 December 2017)
Qualifications	BEC LLB
Experience	Michael is the Managing Director of the Hickinbotham Group which is the largest and longest established building and development group in South Australia and has been awarded a Centenary Medal for service to the Australian Building industry and community. He has a strong interest in entrepreneurial ventures that create value as well as innovation, education, and community building having established Australia's, and one of the world's, first joint ecumenical Anglican Catholic Schools at Andrews Farm in the north of Adelaide. He also funds educational scholarships for children from high needs families, and supports many cultural, sporting and community groups and charities. Prior to joining the Hickinbotham Group, Michael was a solicitor at the Melbourne office of national law firm Black Dawson (now Ashurst) and he holds a degree in Economics from the university of Adelaide and an Honoursdegree in Law From University College London.
<b>Mei Cockerall</b>	Company Secretary
Qualifications	CPA
Experience	Mei has over 10 years' experience working with companies in the Biotech industry, her previous experience was with Virax Holdings Ltd. Mei joined Sementis in 2012 and participated during the company's incorporation. Mei has since provided financial support to ensure all regulatory and statutory reporting has been complied with in addition to the day to day management of all financial matters.

**DIRECTORS' REPORT**

**Meetings of directors**

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Paul Howley	7	7
Tom Quirk	-	-
Maurice O'Shannassy	7	7
Peter Wulff	7	7
Glen Burgess	4	4
Michael Hickinbotham	4	4

**Options**

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

**Indemnification of officers**

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an officer of the company.

Pursuant to the company's constitution, except as may be prohibited by the *Corporations Act 2001*, every officer or agent of the company is indemnified out of the property of the company against any liability incurred by him or her in his or her capacity as officer or agent of the company, unless the liability arises out of conduct involving a lack of good faith.

**Indemnification of auditors**

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

**Auditor's independence declaration**

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

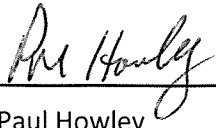
**Proceedings on behalf of the company**

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

SEMENTIS LTD  
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DIRECTORS' REPORT

Signed on behalf of the Board of Directors.

Director:   
Paul Howley

Dated this 18<sup>th</sup> day of OCTOBER 2018



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**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF SEMENTIS LTD**

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.



S D WHITCHURCH

Partner



PITCHER PARTNERS

Melbourne

Date: 18 October 2018

**SEMENTIS LTD**  
**ABN 36 138 550 811**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Revenue</b>	4	15,312	-
<b>Less: expenses</b>			
Depreciation and amortisation expense	5	(115,266)	(131,822)
Employee benefits expense	5	(199,178)	(185,952)
Finance costs		(97,360)	(334,131)
Research and development expense	5	(1,207,206)	(567,114)
Administration expense		(222,769)	(187,248)
Director's fees		(235,998)	(224,000)
Contractor fees		-	(357,000)
Other expenses		<u>(166,631)</u>	<u>(89,495)</u>
		<u>(2,244,408)</u>	<u>(2,076,762)</u>
<b>Loss before income tax expense</b>		(2,229,096)	(2,076,762)
Income tax (expense) / benefit		<u>590,914</u>	<u>503,671</u>
<b>Loss from continuing operations</b>		<u><u>(1,638,182)</u></u>	<u><u>(1,573,091)</u></u>

The accompanying notes form part of these financial statements.

**SEMENTIS LTD**  
**ABN 36 138 550 811**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents	7	3,390,306	33,296
Receivables	8	676,296	1,060,287
Other assets	9	<u>414,452</u>	<u>-</u>
<b>Total current assets</b>		<u>4,481,054</u>	<u>1,093,583</u>
<b>Non-current assets</b>			
Plant and equipment	10	<u>94,969</u>	<u>203,743</u>
<b>Total non-current assets</b>		<u>94,969</u>	<u>203,743</u>
<b>Total assets</b>		<u>4,576,023</u>	<u>1,297,326</u>
<b>Current liabilities</b>			
Payables	12	573,417	1,695,929
Provisions	13	<u>92,082</u>	<u>78,995</u>
<b>Total current liabilities</b>		<u>665,499</u>	<u>1,774,924</u>
<b>Non-current liabilities</b>			
Provisions	13	<u>33,092</u>	<u>16,788</u>
<b>Total non-current liabilities</b>		<u>33,092</u>	<u>16,788</u>
<b>Total liabilities</b>		<u>698,591</u>	<u>1,791,712</u>
<b>Net assets</b>		<u>3,877,432</u>	<u>(494,386)</u>
<b>Equity</b>			
Share capital	14	15,052,906	9,042,906
Accumulated losses	15	<u>(11,175,474)</u>	<u>(9,537,292)</u>
<b>Total equity</b>		<u>3,877,432</u>	<u>(494,386)</u>

The accompanying notes form part of these financial statements.

**SEMENTIS LTD**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Contributed equity \$	Accumulated Losses \$	Total equity \$
<b>Balance as at 1 July 2016</b>	6,904,280	(7,964,201)	(1,059,921)
Loss for the year	<u>-</u>	<u>(1,573,091)</u>	<u>(1,573,091)</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>(1,573,091)</u>	<u>(1,573,091)</u>
<b>Transactions with owners in their capacity as owners:</b>			
Contributions	<u>2,138,626</u>	<u>-</u>	<u>2,138,626</u>
<b>Total transactions with owners in their capacity as owners</b>	<u>2,138,626</u>	<u>-</u>	<u>2,138,626</u>
<b>Balance as at 30 June 2017</b>	<u>9,042,906</u>	<u>(9,537,292)</u>	<u>(494,386)</u>
<b>Balance as at 1 July 2017</b>	9,042,906	(9,537,292)	(494,386)
Loss for the year	<u>-</u>	<u>(1,638,182)</u>	<u>(1,638,182)</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>(1,638,182)</u>	<u>(1,638,182)</u>
<b>Transactions with owners in their capacity as owners:</b>			
Contributions	<u>6,010,000</u>	<u>-</u>	<u>6,010,000</u>
<b>Total transactions with owners in their capacity as owners</b>	<u>6,010,000</u>	<u>-</u>	<u>6,010,000</u>
<b>Balance as at 30 June 2018</b>	<u>15,052,906</u>	<u>(11,175,474)</u>	<u>3,877,432</u>

The accompanying notes form part of these financial statements.

**SEMENTIS LTD**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Cash flow from operating activities</b>			
Payments to suppliers and employees		(2,352,417)	(1,440,719)
R&D income tax incentive		<u>503,671</u>	<u>951,434</u>
<b>Net cash provided by / (used in) operating activities</b>	16(b)	<u>(1,848,746)</u>	<u>(489,285)</u>
<b>Cash flow from investing activities</b>			
Payment for plant and equipment		<u>(6,492)</u>	<u>(4,027)</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>(6,492)</u>	<u>(4,027)</u>
<b>Cash flow from financing activities</b>			
Proceeds from share issue		6,530,000	1,018,626
Net proceeds from / (repayment of) borrowings		<u>(1,317,752)</u>	<u>(562,877)</u>
<b>Net cash provided by financing activities</b>		<u>5,212,248</u>	<u>455,749</u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		33,296	70,859
Net increase / (decrease) in cash held		<u>3,357,010</u>	<u>(37,563)</u>
<b>Cash at end of financial year</b>	16(a)	<u><u>3,390,306</u></u>	<u><u>33,296</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Sementis Ltd as an individual entity. Sementis Ltd is a company limited by shares, incorporated and domiciled in Australia. Sementis Ltd is a for-profit entity for the purpose of preparing the financial statements.

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

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

**(a) Basis of preparation of the financial report**

*Compliance with IFRS*

The financial report also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

*Historical Cost Convention*

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

**(b) Going concern**

The directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company incurred a loss from ordinary activities of \$1,638,182 during the year ended 30 June 2018 (2017: \$1,573,091 loss), and as at that date the company had net assets of \$3,877,432 (2017: \$494,386 deficiency).

The directors plan to significantly increase expenditure on research and development in FY19 and in order to continue as a going concern the company will therefore be dependent on an additional capital raise in FY19. Should the capital raise be unsuccessful, the company may not be able to continue as a going concern. Management continue to monitor expenditure closely as part of their capital management strategy.

No adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the company not continue as a going concern.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Foreign currency translations and balances**

*Functional and presentation currency*

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

*Transactions and Balances*

Transactions in foreign currencies of the company are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

**(d) Revenue**

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

**(e) Income tax**

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(f) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(g) Plant and equipment**

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

*Plant and equipment*

Plant and equipment is measured on a cost basis.

*Depreciation*

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

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Plant and equipment at cost	15-30%	Diminishing value
Office equipment at cost	50-66.67%	Diminishing value
Computer software at cost	25%	Straight line

**(h) Research and development expenditure**

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when the entity can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development expenditure is carried at cost less any accumulated amortisation and any accumulated impairment losses. Capitalised development costs are amortised using the straight-line method over their estimated useful lives, which range from 5 to 10 years. Amortisation commences when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

**(i) Employee benefits**

*(i) Short-term employee benefit obligations*



NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Employee benefits (Continued)**

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

*(ii) Long-term employee benefit obligations*

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

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

*(iii) Retirement benefit obligations*

*Defined contribution superannuation plan*

The company makes superannuation contributions (currently 9.50% of the employee's average ordinary salary) to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The company's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

**(j) Comparatives**

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

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018

**NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of these new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below.

***AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).***

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the company on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

***AASB 15: Revenue from Contracts with Customers, AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8: Amendments to Australian Accounting Standards - Effective Date of AASB 15, AASB 2016-3: Amendments to Australian Accounting Standards - Clarifications to AASB 15 and AASB 2016-7: Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities (applicable to for profit entities for annual reporting periods commencing on or after 1 January 2018 and to not-for-profit entities for annual reporting periods commencing on or after 1 January 2019).***

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

The directors of the company has not yet determined the likely impact of the initial application of AASB 15 on its financial statements.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 3: FINANCIAL RISK MANAGEMENT**

The company is exposed to the following financial risks in respect to the financial instruments that it held at the end of the reporting period:

**(a) Liquidity risk**

The Board of Directors have overall responsibility for identifying and managing operational and financial risks.

The company holds the following financial instruments:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Cash and cash equivalents	3,390,306	33,296
Receivables	62,102	517,007
Related party receivables	<u>23,280</u>	<u>543,280</u>
	<u>3,475,688</u>	<u>1,093,583</u>
<b>Financial liabilities</b>		
Loan - director related parties	-	1,200,088
Loan - executive	-	21,000
Other payables and accruals	<u>573,417</u>	<u>474,842</u>
	<u>573,417</u>	<u>1,695,930</u>

**(a) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The financial liabilities of the company at balance date are all expected to mature within twelve months of balance date. The company expect to have sufficient cash reserve to settle these liabilities. The company does not have an overdraft or loan facility. The company's cash reserves are actively managed and compared with forecast liabilities to ensure that sufficient cash is available to settle liabilities as they fall due.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(a) Liquidity risk (Continued)**

**Maturity analysis**

The table below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

<b>Year ended 30 June 2018</b>	<b>&lt; 6 months</b>	<b>6-12 months</b>	<b>1-5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Other payables and accruals	<u>573,417</u>	<u>-</u>	<u>-</u>	<u>573,417</u>	<u>573,417</u>
Net maturities	<u>573,417</u>	<u>-</u>	<u>-</u>	<u>573,417</u>	<u>573,417</u>
<b>Year ended 30 June 2017</b>					
Other payables and accruals	474,842	-	-	474,842	474,842
Loan - executive	21,000	-	-	21,000	21,000
Loan - director related parties	-	1,200,087	-	1,200,087	1,200,087
Net maturities	<u>495,842</u>	<u>1,200,087</u>	<u>-</u>	<u>1,695,929</u>	<u>1,695,929</u>

**NOTE 4: REVENUE AND OTHER INCOME**

Other revenue		
Interest income	<u>15,312</u>	<u>-</u>
	<u>15,312</u>	<u>-</u>

**NOTE 5: OPERATING PROFIT**

Profit / (losses) before income tax has been determined after:

Depreciation		
- plant and equipment	113,622	126,056
- office furniture and equipment	-	1,921
- computer equipment	<u>1,644</u>	<u>1,974</u>
	115,266	129,951
Amortisation of non-current assets		
- formation expenses	-	1,871
Research and development costs	1,207,206	567,114

**SEMENTIS LTD**  
**ABN 36 138 550 811**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 5: OPERATING PROFIT (CONTINUED)</b>		
Employee benefits:		
- Other employee benefits	199,178	185,952
Remuneration of auditors for:		
<i>Pitcher Partners (Melbourne)</i>		
Audit and assurance services		
- Audit of the financial report	26,700	25,920
Other non-audit services		
- Taxation services	<u>5,300</u>	<u>5,150</u>
	<u>32,000</u>	<u>31,070</u>

**NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION**

Compensation received by key management personnel of the company		
- short-term employee benefits	235,998	224,000
- post-employment benefits	<u>19,000</u>	<u>19,000</u>
	<u>254,998</u>	<u>243,000</u>

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

<b>Name</b>	<b>Appointment / resignation details</b>
Paul Howley	Appointed 29 July 2009
Tom Quirk	Appointed 28 May 2011/Resigned 31 July 2017
Maurice O'Shannassy	Appointed 28 May 2012
Peter Wulff	Appointed 12 June 2017
Glen Burgess	Appointed 12 December 2017
Michael Hickinbotham	Appointed 12 December 2017

The names of key management personnel during the year are:

<b>Name</b>	<b>Appointment / resignation details</b>	<b>Position</b>
Paul Howley	Appointed 29 July 2009	Chief Scientific Officer

**SEMENTIS LTD**  
**ABN 36 138 550 811**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>NOTE 7: CASH AND CASH EQUIVALENTS</b>		
Cash at bank	<u>3,390,306</u>	<u>33,296</u>
<b>NOTE 8: RECEIVABLES</b>		
CURRENT		
Other receivables		
Interest receivable	15,312	-
GST Input Credits	46,790	13,336
R&D tax incentive receivable	<u>590,914</u>	<u>503,671</u>
	<u>653,016</u>	<u>517,007</u>
Amounts receivables from:		
- related party	<u>23,280</u>	<u>543,280</u>
	<u>676,296</u>	<u>1,060,287</u>
<b>NOTE 9: OTHER ASSETS</b>		
CURRENT		
Prepayments	<u>414,452</u>	<u>-</u>
<b>NOTE 10: PLANT AND EQUIPMENT</b>		
<b>Plant and equipment</b>		
Plant and equipment at cost	606,590	606,590
Accumulated depreciation	<u>(517,734)</u>	<u>(404,112)</u>
	88,856	202,478
Office equipment at cost	23,215	23,215
Accumulated depreciation	<u>(23,215)</u>	<u>(23,215)</u>
	-	-
Computer software at cost	35,532	29,040
Accumulated depreciation	<u>(29,419)</u>	<u>(27,775)</u>
	<u>6,113</u>	<u>1,265</u>
Total plant and equipment	<u>94,969</u>	<u>203,743</u>

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>NOTE 10: PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>(a) Reconciliations</b>		
Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial year		
<i>Plant and equipment</i>		
Opening carrying amount	202,478	324,507
Additions	-	4,027
Depreciation expense	<u>(113,622)</u>	<u>(126,056)</u>
Closing carrying amount	<u><u>88,856</u></u>	<u><u>202,478</u></u>
<i>Office equipment</i>		
Opening carrying amount	-	1,921
Depreciation expense	<u>-</u>	<u>(1,921)</u>
Closing carrying amount	<u><u>-</u></u>	<u><u>-</u></u>
<i>Computer Software</i>		
Opening carrying amount	1,265	3,239
Additions	6,492	-
Depreciation expense	<u>(1,644)</u>	<u>(1,974)</u>
Closing carrying amount	<u><u>6,113</u></u>	<u><u>1,265</u></u>

**NOTE 11: INTANGIBLE ASSETS**

Formation expenses at cost	11,277	11,277
Accumulated amortisation and impairment	<u>(11,277)</u>	<u>(11,277)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

**(a) Reconciliations**

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

<i>Formation expenses at cost</i>		
Opening balance	-	1,871
Amortisation expense	<u>-</u>	<u>(1,871)</u>
Closing balance	<u><u>-</u></u>	<u><u>-</u></u>

Amortisation expense in relation to intangible assets has been recognised in depreciation and amortisation expenses within profit or loss.



**SEMENTIS LTD**  
**ABN 36 138 550 811**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 12: PAYABLES</b>		
CURRENT		
<i>Unsecured liabilities</i>		
Other payables	9,075	8,837
Accrued expenses	564,342	466,004
Loan - executive	-	21,000
Loan - director related parties	-	1,200,088
	<u>573,417</u>	<u>1,695,929</u>

**NOTE 13: PROVISIONS**

CURRENT		
Employee benefits	<u>92,082</u>	<u>78,995</u>
NON CURRENT		
Employee benefits	<u>33,092</u>	<u>16,788</u>

**NOTE 14: SHARE CAPITAL**

Issued and paid-up capital		
955,490,963 (2017: 354,374,493) ordinary shares	(a)	<u>15,052,906</u> <u>9,042,906</u>

	<b>2018</b>		<b>2017</b>	
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
<b>(a) Ordinary shares</b>				
Opening balance	354,490,963	9,042,906	157,354,298	6,904,280
Shares issued:				
20 March 2017	-	-	94,327,072	1,110,530
13 April 2017	-	-	102,009,593	1,020,096
28 April 2017	-	-	800,000	8,000
29 March 2018	<u>601,000,000</u>	<u>6,010,000</u>	-	-
	601,000,000	6,010,000	197,136,665	2,138,626
	-	-	-	-
At reporting date	<u>955,490,963</u>	<u>15,052,906</u>	<u>354,490,963</u>	<u>9,042,906</u>

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 14: SHARE CAPITAL (CONTINUED)**

**Rights of each type of share**

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**Capital management**

When managing capital, management's objective is to ensure the company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

During 2018, management did not pay dividends.

	2018 \$	2017 \$
<b>NOTE 15: ACCUMULATED LOSSES</b>		
Accumulated Losses at beginning of year	(9,537,292)	(7,964,201)
Net loss	<u>(1,638,182)</u>	<u>(1,573,091)</u>
	<u><u>(11,175,474)</u></u>	<u><u>(9,537,292)</u></u>

**NOTE 16: CASH FLOW INFORMATION**

**(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 is as follows:

Cash at bank	<u>3,390,306</u>	<u>33,296</u>
	<u><u>3,390,306</u></u>	<u><u>33,296</u></u>

**(b) Reconciliation of cash flow from operations with profit after income tax**

Profit / (loss) from ordinary activities after income tax	(1,638,182)	(1,573,091)
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**Adjustments and non-cash items**

Amortisation	-	1,871
Depreciation	115,266	129,951
Interest expense not actually paid	96,665	333,677

**Changes in operating assets and liabilities**

(Increase) / decrease in receivables	(120,697)	506,257
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**SEMENTIS LTD**  
**ABN 36 138 550 811**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

<b>2018</b>	<b>2017</b>
<b>\$</b>	<b>\$</b>

**NOTE 16: CASH FLOW INFORMATION (CONTINUED)**

**(b) Reconciliation of cash flow from operations with profit after income tax (Continued)**

(Increase) / decrease in other assets	(429,764)	38,999
Increase in payables	98,575	45,539
Increase in provisions	<u>29,391</u>	<u>27,512</u>
Cash flows from operating activities	<u>(1,848,746)</u>	<u>(489,285)</u>

**NOTE 17: RELATED PARTY TRANSACTIONS**

**(a) Transactions with key management personnel of the entity or its parent and their personally related entities**

During previous financial years, Sementis Ltd entered into the following transactions with key management personnel:

Director related entities Shakespeare Enterprises Pty Ltd, Chickhad Pty Ltd and the Tiger Fund Pty Ltd lent Sementis Ltd \$300,088, \$450,000 and \$450,000, respectively.

On the 29th of March, these loans were converted to ordinary shares in the company. No additional related party transactions remain outstanding as at 30 June 2018.

**NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance, which has arisen since 30 June 2018 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2018, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2018, of the company.

**NOTE 19: COMPANY DETAILS**

The registered office of the company is:

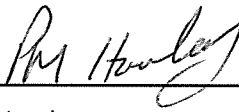
Sementis Ltd  
9 Sing Crescent  
BERWICK VIC 3806

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. In the directors opinion, the financial statements and notes thereto, as set out on pages 8 - 25, are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
  - (b) as stated in Note 1, the financial statements also comply with *International Financial Reporting Standards*; and
  - (c) give a true and fair view of the financial position as at 30 June 2018 and performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director:   
Paul Howley

Dated this 18<sup>th</sup> day of OCTOBER 2018

SEMENTIS LTD  
ABN 36 138 550 811

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SEMENTIS LTD

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Sementis Ltd, "the company", which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Sementis Ltd, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**SEMENTIS LTD**  
**ABN 36 138 550 811**

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF SEMENTIS LTD**

*Emphasis of Matter - Material Uncertainty in relation to Going Concern*

We draw attention to Note 1 in the financial report which indicates that Sementis Ltd incurred a net loss after tax of \$1,638,182 (2017: \$1,573,091) during the year ended 30 June 2018 and, as of that date the entity had net assets of \$3,877,432 (2017: \$494,386 deficiency).

The current cash amounts held by Sementis Ltd are not sufficient to fund the forecast expenditure for the next 12 months.

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

**SEMENTIS LTD**  
**ABN 36 138 550 811**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SEMENTIS LTD**

*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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



SEMENTIS LTD  
ABN 36 138 550 811

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF SEMENTIS LTD**

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



S D WHITCHURCH

Partner



PITCHER PARTNERS

Melbourne

Date 18 October 2018