

**Sementis Ltd**

**ABN 36 138 550 811**

Financial Report

For the year ended 30 June 2015

**Pitcher Partners**

Level 19

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

**DIRECTORS' REPORT**

The directors present their report together with the financial report of Sementis Ltd for the year ended 30 June 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

**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

Maurice O'Shannassy

Travis Molloy (resigned 8 August 2014)

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 \$1,599,520 (2014: \$1,674,013).

**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 into medical vaccinations.

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

**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.

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

**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**

**Paul Howley**

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

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

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

<b>Tom Quirk</b>	Non-Executive Director
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>Mei Cockerall</b>	Company Secretary
Qualifications	CPA
Experience	Mei was appointed to the role of company secretary in February 2015. 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.

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**DIRECTORS' REPORT**

**Meetings of directors**

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Paul Howley	12	11
Tom Quirk	12	12
Maurice O'Shannassy	12	12

**Options**

No options over unissued shares or interests in the company were granted during or since 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.

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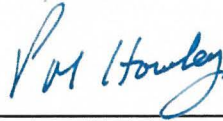
**DIRECTORS' REPORT**

**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.

Signed on behalf of the board of directors.

Director: \_\_\_\_\_



Paul Howley

Dated this

29th day of October 2015

**SEMENTIS LTD**  
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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 2015, 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 any applicable code of professional conduct.



S D WHITCHURCH

Partner



PITCHER PARTNERS

Melbourne



October 2015



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

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>Revenue</b>	4	71,306	61,653
<b>Less: expenses</b>			
Depreciation and amortisation expense	5	(116,026)	(77,197)
Employee benefits expense	5	(722,524)	(694,570)
Occupancy expense		-	(52,604)
Finance costs		(210,364)	(138,781)
Research and development expense	5	(1,037,923)	(802,508)
Administration expenses		(273,012)	(328,370)
Loss on disposal of plant and equipment	5	(20,441)	(29,476)
Other expenses		<u>(142,217)</u>	<u>(298,732)</u>
		<u>(2,522,507)</u>	<u>(2,422,238)</u>
<b>Loss before income tax expense</b>		(2,451,201)	(2,360,585)
Income tax benefit		<u>851,681</u>	<u>686,572</u>
<b>Loss from continuing operations</b>		<u>(1,599,520)</u>	<u>(1,674,013)</u>

The accompanying notes form part of these financial statements.

**SEMENTIS LTD**  
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015**

	Note	2015 \$	2014 \$
<b>Current assets</b>			
Cash and cash equivalents	7	26,626	295,050
Receivables	8	912,926	747,677
Other assets	9	<u>65,581</u>	<u>81,430</u>
<b>Total current assets</b>		<u><b>1,005,133</b></u>	<u><b>1,124,157</b></u>
<b>Non-current assets</b>			
Intangible assets	10	4,126	6,381
Plant and equipment	11	<u>456,077</u>	<u>544,737</u>
<b>Total non-current assets</b>		<u><b>460,203</b></u>	<u><b>551,118</b></u>
<b>Total assets</b>		<u><b>1,465,336</b></u>	<u><b>1,675,275</b></u>
<b>Current liabilities</b>			
Payables	12	1,884,131	2,043,492
Provisions	13	50,939	37,246
Other liabilities	14	<u>-</u>	<u>29,400</u>
<b>Total current liabilities</b>		<u><b>1,935,070</b></u>	<u><b>2,110,138</b></u>
<b>Total liabilities</b>		<u><b>1,935,070</b></u>	<u><b>2,110,138</b></u>
<b>Net assets</b>		<u><b>(469,734)</b></u>	<u><b>(434,863)</b></u>
<b>Equity</b>			
Share capital	15	5,350,880	3,786,231
Accumulated losses	16	<u>(5,820,614)</u>	<u>(4,221,094)</u>
<b>Total equity</b>		<u><b>(469,734)</b></u>	<u><b>(434,863)</b></u>

The accompanying notes form part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	Share capital \$	Retained earnings \$	Total equity \$
<b>Balance as at 1 July 2013</b>	2,946,981	(2,547,081)	399,900
Loss for the year	<u>-</u>	<u>(1,674,013)</u>	<u>(1,674,013)</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>(1,674,013)</u>	<u>(1,674,013)</u>
<b>Transactions with owners in their capacity as owners:</b>			
Contributions	<u>839,250</u>	<u>-</u>	<u>839,250</u>
<b>Total transactions with owners in their capacity as owners</b>	<u>839,250</u>	<u>-</u>	<u>839,250</u>
<b>Balance as at 30 June 2014</b>	<u>3,786,231</u>	<u>(4,221,094)</u>	<u>(434,863)</u>
<b>Balance as at 1 July 2014</b>	3,786,231	(4,221,094)	(434,863)
Loss for the year	<u>-</u>	<u>(1,599,520)</u>	<u>(1,599,520)</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>(1,599,520)</u>	<u>(1,599,520)</u>
<b>Transactions with owners in their capacity as owners:</b>			
Contributions	<u>1,564,649</u>	<u>-</u>	<u>1,564,649</u>
<b>Total transactions with owners in their capacity as owners</b>	<u>1,564,649</u>	<u>-</u>	<u>1,564,649</u>
<b>Balance as at 30 June 2015</b>	<u>5,350,880</u>	<u>(5,820,614)</u>	<u>(469,734)</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 2015**

	Note	2015 \$	2014 \$
<b>Cash flow from operating activities</b>			
Grant funding		71,303	59,508
Payments to suppliers and employees		(2,150,750)	(2,491,313)
Interest received		3	1,690
R&D income tax incentive		<u>686,572</u>	<u>709,886</u>
<b>Net cash provided by / (used in) operating activities</b>	17(b)	<u>(1,392,872)</u>	<u>(1,720,229)</u>
<b>Cash flow from investing activities</b>			
Payment for plant and equipment		<u>(45,552)</u>	<u>(531,189)</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>(45,552)</u>	<u>(531,189)</u>
<b>Cash flow from financing activities</b>			
Proceeds from share issue		-	749,250
Proceeds from borrowings		<u>1,170,000</u>	<u>1,770,000</u>
<b>Net cash provided by financing activities</b>		<u>1,170,000</u>	<u>2,519,250</u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		295,050	27,218
Net increase / (decrease) in cash held		<u>(268,424)</u>	<u>267,832</u>
<b>Cash at end of financial year</b>	17(a)	<u><u>26,626</u></u>	<u><u>295,050</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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

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

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

The financial report is for the entity 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 following is a summary of the material 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 statements of the company also comply 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 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 \$1,599,520 during the year ended 30 June 2015 (2014: \$1,674,013 loss).

The company had a net asset deficiency position of \$469,734 at 30 June 2015 (2014: deficiency \$434,863), and current liabilities exceed current assets by \$929,937, (2014: \$985,981).

As an early stage business, the company's ability to continue as a going concern and meet its liabilities and future commitments as and when they fall due is dependent on a number of factors, including:

- Obtaining additional funding as and when required;
- Receiving the continued support of its shareholders; and
- Ultimate success with commercialising the SCV Vector System and generating future sales to enable the company to generate profit and positive cashflows.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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

**(b) Going concern (Continued)**

On 29 September 2015 the R&D Tax Incentive receivable of \$851,681 was received. A portion of these funds were used to repay related party loans.

The Directors anticipate that the net cash requirements to maintain operations for the forthcoming 12 months, of a minimum \$1,500,000, is to be funded partially by further equity raising.

As at the date of this report the equity raising has not been completed.

The company has however received a letter of financial support indicating Maurice O'Shaunnassy (the underwriter) will underwrite \$1,500,000 of capital should Sementis Ltd require it. The commitment of financial support is subject to:

- the requirements of the *Corporations Act 2001* being satisfied by Sementis Ltd;
- the underwriter being satisfied with the outcome of, and responses to, his due diligence enquiries on the status of Sementis Ltd's intellectual property that may be undertaken by him at the time at which the Board may propose to conduct such a capital raising; and
- the underwriter and Sementis Ltd, if requested by either party, entering into a separate formal underwriting agreement as a substitute to the letter of financial support.

As a result, at the date of this report, the Directors consider the going concern basis of accounting is appropriate for the Company based on the factors outlined above.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the consolidated entity be unable to trade as forecast or to raise sufficient funding to continue as a going concern.

If the going concern basis of accounting is found to no longer be appropriate, the recoverable amounts of assets shown in the Statement of Financial Position are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected in the Statement of Financial Position.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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 recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Grant income is recognised when the entity obtains control over the funds which is generally at the time of receipt.

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

**(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.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

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

**(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.

**(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 ready for use.

<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
Furniture, fixtures and fittings at cost	20%	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 it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sell the asset; the entity has sufficient resource; and intent to complete the development and its costs can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of its estimated useful life commencing when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.



NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015

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

**(i) Employee benefits**

*(i) Short-term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal 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 is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

*(ii) Long-term employee benefit obligations*

Liabilities arising in respect of long service leave and annual leave which is not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet 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.

**(j) Comparatives**

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

**NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2015**

The following standards and interpretations have been issued at the reporting date but are not yet effective.

**AASB 9 *Financial Instruments***

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2015**  
**(CONTINUED)**

Chapter 6 Hedge Accounting supersedes the general hedge accounting requirements in AASB 139 *Financial Instruments: Recognition and Measurement*, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from AASB 139 are as follows:

- to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under AASB 139);
- changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and
- modification of the requirements for effectiveness testing (including removal of the 'brightline' effectiveness test that offset for hedging must be in the range 80-125%).

Revised disclosures about an entity's hedge accounting have also been added to AASB 7 *Financial Instruments: Disclosures*.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The effective date is annual reporting periods beginning on or after 1 January 2018.

The available-for-sale investments held will be classified as fair value through other comprehensive income and will no longer be subject to impairment testing. The impact on the reported financial position and performance is dependent on the volume and value of any future derivatives. Impacts on the reported financial position and performance have not yet been determined.

**AASB 15 Revenue from Contracts with Customers**

AASB 15 introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five step approach is as follows:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price; and
- Step 5: Recognise revenue when a performance obligation is satisfied.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 2: ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2015**  
**(CONTINUED)**

The effective date is annual reporting periods beginning on or after 1 January 2017.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

**NOTE 3: FINANCIAL RISK MANAGEMENT**

The company is exposed to the following financial risk:

**(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>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Cash and cash equivalents	26,626	295,050
Receivables	889,646	723,897
Related party receivables	<u>23,280</u>	<u>23,280</u>
	<u>939,552</u>	<u>1,042,227</u>
<b>Financial liabilities</b>		
Related party payables	1,670,000	1,770,000
Other payables and accruals	<u>214,131</u>	<u>273,492</u>
	<u>1,884,131</u>	<u>2,043,492</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 six months of balance date. The company will have sufficient cash reserves 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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
<b>NOTE 4: REVENUE AND OTHER INCOME</b>		
Interest income	3	1,690
Other revenue	-	455
Funding received	<u>71,303</u>	<u>59,508</u>
	<u>71,306</u>	<u>61,653</u>
<b>NOTE 5: OPERATING PROFIT</b>		
Profit / (losses) before income tax has been determined after:		
Depreciation		
- plant and equipment	101,033	54,752
- office equipment	5,161	9,843
- furniture, fixtures and fittings	-	4,985
- computer software	<u>7,577</u>	<u>5,362</u>
	113,771	74,942
Amortisation of non-current assets		
- formation expenses	<u>2,255</u>	<u>2,255</u>
Research and development costs	1,037,923	802,508
Employee benefits:		
- Other employee benefits	722,524	694,570
Net loss on disposal of non-current assets		
- Loss on sale of plant and equipment	20,441	29,476
Remuneration of auditors for:		
<i>Pitcher Partners (Melbourne)</i>		
Audit and assurance services		
- Audit of the financial report	24,680	23,965
Other non-audit services		
- Taxation services	<u>4,755</u>	<u>4,635</u>
	<u>29,435</u>	<u>28,600</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

<b>2015</b>	<b>2014</b>
<b>\$</b>	<b>\$</b>

**NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION**

Compensation received by key management personnel of the company

- short-term employee benefits	215,726	514,663
- post-employment benefits	<u>28,611</u>	<u>53,608</u>
	<u>244,337</u>	<u>568,271</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
Maurice O'Shannassy	Appointed 28 May 2012
Travis Molloy	Resigned 8 August 2014

The names of key management personnel during the year are:

<b>Name</b>	<b>Appointment / resignation details</b>	<b>Position</b>
Travis Molloy	Resigned 8 August 2014	Executive Chairman
Paul Howley	Appointed 29 July 2009	Chief Scientific Officer

**NOTE 7: CASH AND CASH EQUIVALENTS**

Cash at bank	<u>26,626</u>	<u>295,050</u>
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**NOTE 8: RECEIVABLES**

**CURRENT**

Trade debtors	-	500
Other receivables		
GST input credits	37,965	37,325
R&D tax incentive receivable	<u>851,681</u>	<u>686,572</u>
	<u>889,646</u>	<u>723,897</u>

Amounts receivable from:

- related party	<u>23,280</u>	<u>23,280</u>
	<u>912,926</u>	<u>747,677</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	\$	\$
<b>NOTE 9: OTHER ASSETS</b>		
CURRENT		
Prepayments	<u>65,581</u>	<u>81,430</u>

**NOTE 10: INTANGIBLE ASSETS**

Formation expenses at cost	11,277	11,277
Accumulated amortisation and impairment	<u>(7,151)</u>	<u>(4,896)</u>
	<u>4,126</u>	<u>6,381</u>

**(a) Reconciliations**

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

*Formation expenses at cost*

Opening balance	6,381	8,636
Amortisation expense	<u>(2,255)</u>	<u>(2,255)</u>
Closing balance	<u>4,126</u>	<u>6,381</u>

Amortisation expense in relation to intangible assets is included within depreciation and amortisation expenses in the statement of comprehensive income.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
<b>NOTE 11: PLANT AND EQUIPMENT</b>		
<b>Plant and equipment</b>		
Plant and equipment at cost	609,350	566,791
Accumulated depreciation	<u>(168,900)</u>	<u>(67,867)</u>
	440,450	498,924
Office equipment at cost	76,755	39,865
Accumulated depreciation	<u>(72,912)</u>	<u>(30,861)</u>
	3,843	9,004
Furniture, fixtures and fittings at cost	37,656	31,831
Accumulated depreciation	<u>(37,656)</u>	<u>(11,390)</u>
	-	20,441
Computer software at cost	39,143	36,150
Accumulated depreciation	<u>(27,359)</u>	<u>(19,782)</u>
	<u>11,784</u>	<u>16,368</u>
Total plant and equipment	<u>456,077</u>	<u>544,737</u>
<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	498,924	30,676
Additions	42,559	523,000
Depreciation expense	<u>(101,033)</u>	<u>(54,752)</u>
Closing carrying amount	<u>440,450</u>	<u>498,924</u>
<i>Office equipment</i>		
Opening carrying amount	9,004	30,251
Additions	-	7,369
Disposals	-	(18,773)
Depreciation expense	<u>(5,161)</u>	<u>(9,843)</u>
Closing carrying amount	<u>3,843</u>	<u>9,004</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
<b>NOTE 11: PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>(a) Reconciliations (Continued)</b>		
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	20,441	31,252
Disposals	(20,441)	(5,826)
Depreciation expense	<u>-</u>	<u>(4,985)</u>
Closing carrying amount	<u>-</u>	<u>20,441</u>
<i>Computer software</i>		
Opening carrying amount	16,368	25,789
Additions	2,993	820
Disposals	-	(4,879)
Depreciation expense	<u>(7,577)</u>	<u>(5,362)</u>
Closing carrying amount	<u>11,784</u>	<u>16,368</u>
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	544,737	117,968
Additions	45,552	531,189
Disposals	(20,441)	(29,478)
Depreciation expense	<u>(113,771)</u>	<u>(74,942)</u>
Carrying amount at 30 June	<u>456,077</u>	<u>544,737</u>
<b>NOTE 12: PAYABLES</b>		
<b>CURRENT</b>		
<i>Unsecured liabilities</i>		
Other payables	8,471	12,209
Accrued expenses	205,660	261,283
Loans - convertible notes	-	1,270,000
Loan from director related parties	<u>1,670,000</u>	<u>500,000</u>
	<u>1,884,131</u>	<u>2,043,492</u>



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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
<b>NOTE 13: PROVISIONS</b>		
CURRENT		
Annual leave	47,316	34,878
Long service leave	<u>3,623</u>	<u>2,368</u>
	<u>50,939</u>	<u>37,246</u>

**NOTE 14: OTHER LIABILITIES**

CURRENT		
Amounts received in advance	<u>-</u>	<u>29,400</u>

**NOTE 15: SHARE CAPITAL**

Issued and paid-up capital		
126,286,298 (2014: 118,547,500) ordinary shares	(a) <u>5,350,880</u>	<u>3,786,231</u>

	2015		2014	
	Number	\$	Number	\$
<b>(a) Ordinary shares</b>				
Opening balance	118,547,500	3,786,231	109,777,500	2,946,981
Shares issued:				
11 July 2013	-	-	125,000	10,000
18 August 2013	-	-	(1,000,000)	(80,000)
12 February 2014	-	-	6,250,000	500,000
12 February 2014	-	-	1,000,000	80,000
12 February 2014	-	-	2,295,000	344,250
12 February 2014	-	-	100,000	15,000
7 July 2014	42,553	20,000	-	-
7 July 2014	20,000	9,400	-	-
31 December 2014	6,472,408	1,294,482	-	-
26 February 2015	1,203,837	240,767	-	-
Transaction costs relating to shares issued, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
	<u>7,738,798</u>	<u>1,564,649</u>	<u>8,770,000</u>	<u>839,250</u>
At reporting date	<u>126,286,298</u>	<u>5,350,880</u>	<u>118,547,500</u>	<u>3,786,231</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 15: 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 cashflows.

During 2015, management did not paid dividends.

**NOTE 16: ACCUMULATED LOSSES**

Accumulated losses at beginning of year	(4,221,094)	(2,547,081)
Net loss	<u>(1,599,520)</u>	<u>(1,674,013)</u>
	<u>(5,820,614)</u>	<u>(4,221,094)</u>

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
<b>NOTE 17: CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of cash</b>		
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>26,626</u>	<u>295,050</u>
<b>(b) Reconciliation of cash flow from operations with profit after income tax</b>		
Loss from ordinary activities after income tax	(1,599,520)	(1,674,013)
<b>Adjustments and non-cash items</b>		
Amortisation	2,255	2,255
Depreciation	113,771	74,942
Net loss on disposal of plant and equipment	21,911	29,476
Interest expense not actually paid	209,778	-
Share based payment	-	120,000
<b>Changes in assets and liabilities</b>		
(Increase) / decrease in receivables	(140)	(47)
(Increase) / decrease in other assets	15,849	(36,970)
Increase / (decrease) in payables	(3,890)	(224,589)
Increase / (decrease) in other liabilities	-	29,400
Increase / (decrease) in income tax payable	(165,109)	-
Increase / (decrease) in provisions	<u>13,693</u>	<u>(40,683)</u>
Cash flows from operating activities	<u>(1,391,402)</u>	<u>(1,720,229)</u>

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

There has been no matter or circumstance, which has arisen since 30 June 2015 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2015, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2015, of the company.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**NOTE 19: COMPANY DETAILS**

The registered office of the company is:

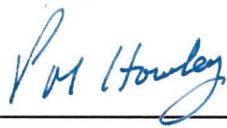
Sementis Ltd  
9 Sing Crescent  
Berwick VIC 3806

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 - 26, are in accordance with the *Corporations Act 2001*; and
  - (a) comply 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 2015 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 29th day of October 2015

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

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

We have audited the accompanying financial report of Sementis Ltd, which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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

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

*Opinion*

In our opinion:

- (a) the financial report of Sementis Ltd is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which indicates that the company incurred a net loss of \$1,599,520 during the year ended 30 June 2015 (2014: loss of \$1,674,013) and as at that date the company's total liabilities exceeded its total assets by \$469,734 (2014: deficiency \$434,863). These conditions, along with other matters as set forth in Note 1(b), 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.



S D WHITCHURCH

Partner



PITCHER PARTNERS

Melbourne

30 October 2015