

**Sementis Ltd**

**ABN 36 138 550 811**

Financial report

For the year ended 30 June 2013

**Pitcher Partners**

Level 19

15 William Street

Melbourne VIC 3000

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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 2013 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:

Travis Molloy - Appointed 29 July 2009

Troy Neilson - Appointed 29 July 2009

Paul Howley - Appointed 29 July 2009

Tom Quirk - Appointed 28 May 2012

Maurice O'Shannassy - Appointed 28 May 2012

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 \$1,303,814 (2012: \$962,782).

**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**

Significant changes in the state of affairs of the company during the financial year, were as follows:

The company converted from a private company to an unlisted public company as at 14 September 2012.

**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.

**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>Travis Molloy</b>	Executive director
Qualifications	BSc
Experience	Travis' background lies in a combination of science, pharmaceutical manufacturing and leadership consulting. His pharmaceutical experience lies in companies such as CSL and other boutique biotech companies and includes R&D, GMP manufacture, quality management systems and regulatory liaison. In recent years he has operated as a leadership consultant to a range of Melbourne based top 500s including Standard & Poors, Deloitte, ANZ, nab, Telstra and Coles. He has led the Sementis Board since 2010 through the company's formation, development, fund raising and start-up operations.
Special responsibilities	Executive Chairman

DIRECTORS' REPORT

Information on directors and company secretary (Continued)

<b>Troy Neilson</b>	Executive director
Experience	Troy came to Sementis with extensive experience in Electrical Engineering, with a key focus on delivering turnkey solutions and project based outcomes for clients such as Ergon Energy, Melbourne International Airport and Transfield, to name a few. Troy brings a strong focus on good corporate governance to his role, along with a solid background in guiding start-ups, through a model of scalability, through to a sale/merger endpoint. Troy co-founded Sementis Pty Ltd in the later half of 2009, and took on the role of Chief Executive Officer in late 2010. He has helped guide Sementis through its formative stages, with a focus on bringing together Sementis' patent portfolio, and aligning the business for its first round of fundraising. Troy is now keenly focused on guiding Sementis through its forthcoming phases, and establishing new growth opportunities for the company.
Special responsibilities	Chief Executive Officer
<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

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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>Richard Partridge</b>	Company Secretary
Qualifications	B.Com., LL.B., Grad.Cert L.P.
Experience	Richard was appointed to the role as company secretary of Sementis in 2012. Richard is also a corporate advisory Partner at a top-ten Australian law firm, and brings to Sementis valuable experience and knowledge in relation to corporation and securities laws compliance.

DIRECTORS' REPORT

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Travis Molloy	7	7
Troy Neilson	7	7
Paul Howley	7	7
Tom Quirk	7	7
Maurice O'Shannassy	7	7

Options

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

The company has the following options on issue (with no options having been exercised either during or since the end of the financial year):

- 1,895,000 options with an exercise price of \$0.15 per share, expiring 31 December 2013
- 6,250,000 options with an exercise price of \$0.08 per share, expiring 31 December 2013

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.

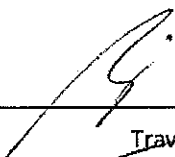
DIRECTORS' REPORT

**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.

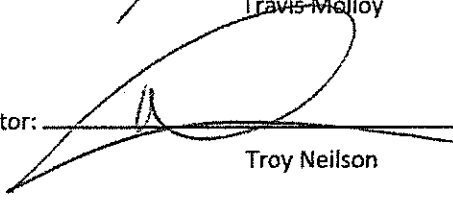
Signed in accordance with a resolution of the board of directors.

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



Travis Molloy

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



Troy Neilson

Dated this 14<sup>th</sup> day of November 2013



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 2013, 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

Date: 14 November 2013

SEMENTIS LTD  
ABN 36 138 550 811

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
<b>Revenue</b>	4	1,722	873
<b>Less: expenses</b>			
Depreciation and amortisation expense	5	(36,769)	(9,208)
Employee benefits expense	5	(841,950)	(621,600)
Occupancy expense		(36,750)	-
Advertising expense		-	(9,462)
Finance costs		(1,853)	(2,918)
Research and development expense		(636,555)	(740,678)
Administration expenses		(244,775)	(101,127)
Loss on disposal of property, plant and equipment	5	(25,087)	-
Other expenses		<u>(191,683)</u>	<u>(147,779)</u>
		<u>(2,015,422)</u>	<u>(1,632,772)</u>
<b>Profit / (loss) before income tax expense</b>		(2,013,700)	(1,631,899)
Income tax expense		<u>709,886</u>	<u>669,117</u>
<b>Net profit / (loss) from continuing operations</b>		<u>(1,303,814)</u>	<u>(962,782)</u>
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>(1,303,814)</u>	<u>(962,782)</u>

The accompanying notes form part of these financial statements.

SEMENTIS LTD  
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STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
<b>Current assets</b>			
Cash and cash equivalents	7	27,218	494,653
Receivables	8	767,418	773,949
Other assets	9	<u>44,460</u>	<u>-</u>
<b>Total current assets</b>		<u>839,096</u>	<u>1,268,602</u>
<b>Non-current assets</b>			
Intangible assets	10	8,636	8,636
Plant and equipment	11	<u>117,968</u>	<u>87,107</u>
<b>Total non-current assets</b>		<u>126,604</u>	<u>95,743</u>
<b>Total assets</b>		<u>965,700</u>	<u>1,364,345</u>
<b>Current liabilities</b>			
Payables	12	487,871	423,531
Provisions	13	<u>77,929</u>	<u>-</u>
<b>Total current liabilities</b>		<u>565,800</u>	<u>423,531</u>
<b>Total liabilities</b>		<u>565,800</u>	<u>423,531</u>
<b>Net assets</b>		<u>399,900</u>	<u>940,814</u>
<b>Equity</b>			
Share capital	14	2,946,981	2,184,081
Accumulated losses	15	<u>(2,547,081)</u>	<u>(1,243,267)</u>
<b>Total equity</b>		<u>399,900</u>	<u>940,814</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 2013

	Contributed equity \$	Reserves \$	Retained earnings \$	Total equity \$
Balance as at 1 July 2011	3,000	-	(280,485)	(277,485)
Profit/(loss) for the year	<u>-</u>	<u>-</u>	<u>(962,782)</u>	<u>(962,782)</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(962,782)</u>	<u>(962,782)</u>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions	<u>2,181,081</u>	<u>-</u>	<u>-</u>	<u>2,181,081</u>
Total transactions with owners in their capacity as owners	<u>2,181,081</u>	<u>-</u>	<u>-</u>	<u>2,181,081</u>
Balance as at 30 June 2012	<u>2,184,081</u>	<u>-</u>	<u>(1,243,267)</u>	<u>940,814</u>
Balance as at 1 July 2012	2,184,081	-	(1,243,267)	940,814
Profit/(loss) for the year	<u>-</u>	<u>-</u>	<u>(1,303,814)</u>	<u>(1,303,814)</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(1,303,814)</u>	<u>(1,303,814)</u>
<b>Transactions with owners in their capacity as owners:</b>				
Contributions	<u>762,900</u>	<u>-</u>	<u>-</u>	<u>762,900</u>
Total transactions with owners in their capacity as owners	<u>762,900</u>	<u>-</u>	<u>-</u>	<u>762,900</u>
Balance as at 30 June 2013	<u>2,946,981</u>	<u>-</u>	<u>(2,547,081)</u>	<u>399,900</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 2013

	Note	2013 \$	2012 \$
<b>Cash flow from operating activities</b>			
Payments to suppliers and employees		(1,502,799)	(1,512,746)
Interest received		1,722	873
R&D income tax incentive		<u>669,117</u>	<u>-</u>
<b>Net cash provided by / (used in) operating activities</b>	16(b)	<u>(831,960)</u>	<u>(1,511,873)</u>
<b>Cash flow from investing activities</b>			
Payment for plant and equipment		<u>(92,105)</u>	<u>(94,060)</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>(92,105)</u>	<u>(94,060)</u>
<b>Cash flow from financing activities</b>			
Proceeds from share issue		562,900	2,087,801
Repayment of borrowings		<u>(106,270)</u>	<u>(30,467)</u>
<b>Net cash provided by financing activities</b>		<u>456,630</u>	<u>2,057,334</u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		494,653	43,252
Net increase / (decrease) in cash held		<u>(467,435)</u>	<u>451,401</u>
<b>Cash at end of financial year</b>	16(a)	<u><u>27,218</u></u>	<u><u>494,653</u></u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

**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 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) as 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 \$1,303,814 during the year ended 30 June 2013 (2012: \$962,782 loss).

The company had a net asset position of \$399,900 at 30 June 2013 (2012: \$940,814), and current assets exceed current liabilities by \$273,296 (2012: \$845,071).

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
- Ultimately 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 2013

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

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

On 1 October 2013 the R&D Tax Incentive Receivable of \$709,886 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 up to \$1.5 million, is to be funded partially by the company issuing convertible notes or further equity raising.

As at the date of this report the convertible note or equity raising has not been undertaken.

The company has however received a letter of financial support indicating Maurice O'Shaunnassy (the underwriter) will underwrite \$1,500,000 of capital at \$0.02 per share should Sementis Ltd require it. The commitment of financial support is subject to:

- the requirements of the Corporations Act 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' 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.

**(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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

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

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

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.

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. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit 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.

**(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.



NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

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

**(g) Plant and equipment (Continued)**

*Plant and equipment*

Plant and equipment is measured on a cost basis.

*Depreciation*

The depreciable amount of all fixed assets is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

<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	30-66.67%	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.

Expenditure on development activities is capitalised only when technical feasibility studies demonstrate that the project will deliver future economic benefits and these benefits 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.

**(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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

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

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

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 2013**

A number of standards and interpretations have been issued at the reporting date but are not yet effective. The directors' have not yet assessed the impact of these standards or interpretations..

**NOTE 3: FINANCIAL RISK MANAGEMENT**

The company is exposed to a variety of financial risks comprising:

**(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>2013</b>	<b>2012</b>
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	27,218	494,653
Receivables	747,664	773,949
Related party receivables	<u>19,754</u>	<u>-</u>
	<u>794,636</u>	<u>1,268,602</u>
<b>Financial liabilities</b>		
Creditors	-	5,500
Related party payables	-	106,270
Other payables and accruals	<u>414,518</u>	<u>244,261</u>
	<u>414,518</u>	<u>356,031</u>

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

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

**(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 three 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.

**NOTE 4: REVENUE**

Other revenue		
Interest income	925	873
Other revenue	<u>797</u>	<u>-</u>
	<u>1,722</u>	<u>873</u>

**NOTE 5: OPERATING PROFIT**

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

Depreciation		
- plant and equipment	5,413	1,345
- office equipment	17,019	3,999
- furniture, fixtures and fittings	6,405	-
- computer software	<u>7,932</u>	<u>1,609</u>
	36,769	6,953
Amortisation of non-current assets		
- formation expenses	-	2,255
Research and development costs	636,555	740,678
Employee benefits:		
- Other employee benefits	841,950	621,600
Net loss on disposal of non-current assets		
- Loss on sale of property, plant and equipment	25,087	-

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
<b>NOTE 5: OPERATING PROFIT (CONTINUED)</b>		
Remuneration of auditors for:		
<i>Pitcher Partners (Melbourne)</i>		
Audit and assurance services		
- Audit of the financial report	21,875	-
Other non-audit services		
- Taxation services	<u>4,500</u>	<u>-</u>
	<u>26,375</u>	<u>-</u>

**NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION**

Compensation received by key management personnel of the company		
- short-term employee benefits	500,000	500,000
- post-employment benefits	<u>45,000</u>	<u>45,000</u>
	<u>545,000</u>	<u>545,000</u>

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

Name	Appointment / resignation details
Travis Molloy	- Appointed 29 July 2009
Troy Neilson	- Appointed 29 July 2009
Paul Howley	- Appointed 29 July 2009
Tom Quirk	- Appointed 28 May 2012
Maurice O'Shannassy	- Appointed 28 May 2012

The names of key management personnel during the year are:

Name	Appointment / resignation details	Position
Travis Molloy	- Appointed 29 July 2009	Executive Chairman
Troy Neilson	- Appointed 29 July 2009	Chief Executive Officer
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 2013

	2013	2012
	\$	\$
<b>NOTE 7: CASH AND CASH EQUIVALENTS</b>		
Cash on hand	-	3,000
Cash at bank	<u>27,218</u>	<u>491,653</u>
	<u>27,218</u>	<u>494,653</u>
 <b>NOTE 8: RECEIVABLES</b>		
CURRENT		
Other receivables		
GST Input Credits	37,778	104,832
R&D Tax Incentive Receivable	<u>709,886</u>	<u>669,117</u>
	<u>747,664</u>	<u>773,949</u>
 Amounts receivables from:		
- directors	<u>19,754</u>	<u>-</u>
	<u>767,418</u>	<u>773,949</u>
 <b>NOTE 9: OTHER ASSETS</b>		
CURRENT		
Prepayments	17,500	-
Other current assets	<u>26,960</u>	<u>-</u>
	<u>44,460</u>	<u>-</u>
 <b>NOTE 10: INTANGIBLE ASSETS</b>		
Formation expenses at cost	11,277	11,277
Accumulated amortisation and impairment	<u>(2,641)</u>	<u>(2,641)</u>
	<u>8,636</u>	<u>8,636</u>

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$

NOTE 10: INTANGIBLE ASSETS (CONTINUED)

(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	8,636	11,277
Amortisation expense	-	(2,641)
Closing balance	<u>8,636</u>	<u>8,636</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 2013

	2013	2012
	\$	\$
<b>NOTE 11: PLANT AND EQUIPMENT</b>		
<b>Plant and equipment</b>		
Plant and equipment at cost	43,791	43,791
Accumulated depreciation	<u>(13,115)</u>	<u>(1,345)</u>
	30,676	42,446
Office equipment at cost	51,269	20,781
Accumulated depreciation	<u>(21,018)</u>	<u>(3,999)</u>
	30,251	16,782
Furniture, fixtures and fittings at cost	37,656	-
Accumulated depreciation	<u>(6,404)</u>	<u>-</u>
	31,252	-
Computer software at cost	35,330	29,488
Accumulated depreciation	<u>(9,541)</u>	<u>(1,609)</u>
	<u>25,789</u>	<u>27,879</u>
<b>Total plant and equipment</b>	<u><u>117,968</u></u>	<u><u>87,107</u></u>

**(a) Reconciliations**

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial year

*Plant and equipment*

Opening carrying amount	42,446	-
Additions	-	43,791
Disposals	(6,357)	-
Depreciation expense	<u>(5,413)</u>	<u>(1,345)</u>
Closing carrying amount	<u>30,676</u>	<u>42,446</u>

*Office equipment*

Opening carrying amount	16,782	-
Additions	48,606	20,781
Disposals	(18,118)	-
Depreciation expense	<u>(17,019)</u>	<u>(3,999)</u>
Closing carrying amount	<u>30,251</u>	<u>16,782</u>

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
<b>NOTE 11: PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>(a) Reconciliations (Continued)</b>		
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	-	-
Additions	37,657	-
Depreciation expense	<u>(6,405)</u>	-
Closing carrying amount	<u>31,252</u>	-
<i>Computer software</i>		
Opening carrying amount	27,879	-
Additions	5,842	29,488
Depreciation expense	<u>(7,932)</u>	<u>(1,609)</u>
Closing carrying amount	<u>25,789</u>	<u>27,879</u>
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	87,107	-
Additions	92,105	94,060
Disposals	(24,475)	-
Depreciation expense	<u>(36,769)</u>	<u>(6,953)</u>
Carrying amount at 30 June	<u>117,968</u>	<u>87,107</u>

**NOTE 12: PAYABLES**

**CURRENT**

*Unsecured liabilities*

Trade creditors	-	5,500
Amounts payable to:		
- directors	-	106,270
Other payables	41,618	241,812
Accrued expenses	<u>446,253</u>	<u>69,949</u>
	<u>487,871</u>	<u>423,531</u>



SEMENTIS LTD  
ABN 36 138 550 811

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

		2013	2012
		\$	\$
<b>NOTE 13: PROVISIONS</b>			
CURRENT			
Annual leave	(a)	<u>77,929</u>	<u>-</u>
(a) Aggregate employee benefits liability		77,929	-

**NOTE 14: SHARE CAPITAL**

Issued and paid-up capital			
109,777,500 (2012: 95,075,000) Ordinary shares	(a)	<u>2,946,981</u>	<u>2,184,081</u>

	2013		2012	
	Number	\$	Number	\$
<b>(a) Ordinary shares</b>				
Opening balance	95,075,000	2,184,081	63,000,000	3,000
Shares issued:				
12 July 2011	-	-	1,250,000	100,000
31 January 2012	-	-	13,750,000	800,000
7 February 2012	-	-	2,325,000	126,000
24 May 2012	-	-	250,000	25,000
28 May 2012	-	-	500,000	5,000
26 June 2012	-	-	1,500,000	120,000
30 June 2012	-	-	12,500,000	1,000,000
9 July 2012	5,090,000	386,200	-	-
26 September 2012	850,000	83,000	-	-
28 September 2012	2,187,500	175,000	-	-
10 October 2012	3,000,000	240,000	-	-
7 February 2013	1,000,000	80,000	-	-
23 May 2013	2,575,000	515,000	-	-
Transaction costs relating to shares issued, net of tax	<u>-</u>	<u>(716,300)</u>	<u>-</u>	<u>5,081</u>
	<u>14,702,500</u>	<u>762,900</u>	<u>32,075,000</u>	<u>2,181,081</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At reporting date	<u>109,777,500</u>	<u>2,946,981</u>	<u>95,075,000</u>	<u>2,184,081</u>

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013

**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 cashflows.

During 2013, management did not paid dividends.

**NOTE 15: ACCUMULATED LOSSES**

Accumulated losses at beginning of year	(1,243,267)	(280,485)
Net profit / (loss)	<u>(1,303,814)</u>	<u>(962,782)</u>
	<u>(2,547,081)</u>	<u>(1,243,267)</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 on hand	-	3,000
Cash at bank	<u>27,218</u>	<u>491,653</u>
	<u>27,218</u>	<u>494,653</u>

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
<b>NOTE 16: CASH FLOW INFORMATION (CONTINUED)</b>		
<b>(b) Reconciliation of cash flow from operations with profit after income tax</b>		
Profit / (loss) from ordinary activities after income tax	(1,303,814)	(962,782)
<b>Adjustments and non-cash items</b>		
Amortisation	-	2,255
Depreciation	36,769	6,953
Net (gain) / loss on disposal of property, plant and equipment	24,475	-
Share based payment	200,000	-
<b>Changes in assets and liabilities</b>		
(Increase) / decrease in receivables	6,531	(669,117)
(Increase) / decrease in other assets	(44,460)	-
Increase / (decrease) in payables	170,610	110,818
Increase / (decrease) in provisions	<u>77,929</u>	<u>-</u>
Cash flows from operating activities	<u>(831,960)</u>	<u>(1,511,873)</u>

**NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance, which has arisen since 30 June 2013 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2013, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2013, of the company.

**NOTE 18: COMPANY DETAILS**

The registered office of the company is:

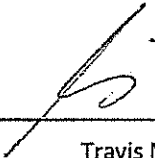
Sementis Ltd  
4/41 Rose Street  
Richmond VIC 3121

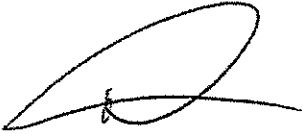
DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 - 25, 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 2013 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:   
Travis Molloy

Director:   
Troy Neilson

Dated this 14<sup>th</sup> day of November 2013

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 performance as at 30 June 2013, 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 conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an 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

*Basis for Disclaimer of Opinion*

The previous financial report was not audited. We were unable to satisfy ourselves by alternative means concerning a number of opening balances disclosed in the statements of financial performance and cashflows and the statement of financial position, as comparative figures. Whilst we were satisfied with the material accuracy of amounts recorded in the statement of financial position at 30 June 2013, the impact of opening balances on the current period financial performance and cash flows prevents us from forming an opinion on the financial report as a whole.

*Disclaimer of Opinion*

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial report.

*Emphasis of Matter*

We draw attention to Note 1(b) in the financial report, which indicates that the company incurred a net loss of \$1,303,814 during the year ended 30 June 2013 (2012: \$962,782 loss). 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

Date 14 November 2013