



Sementis Ltd

ABN: 36 138 550 811

Financial report

For the year ended 30 June 2020

Pitcher Partners

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DIRECTORS' REPORT

The directors present their report together with the financial report of Sementis Ltd (the "Company") for the year ended 30 June 2020 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:

Martyn Evans

Peter Wulff

Maurice O'Shannassy

Michael Hickinbotham

Glenn Burgess

Paul Howley (resigned 6 March 2020)

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 \$3,311,852 (2019: \$2,620,865).

Review of operations

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

The existence of COVID-19 was confirmed in early 2020 and in March 2020 was declared a pandemic by the World Health Organisation. This has resulted in significant disruption throughout global and domestic markets. There is uncertainty on the likely duration and the ultimate impact COVID-19 will have on the world economies. The on-going COVID-19 pandemic has not significantly increased the estimation uncertainty in the preparation of the Company's financial statements. A thorough consideration of potential COVID-19 impacts on carrying values of assets and liabilities, contracts and potential liabilities has been made, with no material impact to the financial statements.

The COVID-19 situation remains fluid due to evolving changes in Government policy and evolving business and customer reactions thereto. As at the date of this financial report, the Company considered that the financial effects of COVID-19 on future financial periods cannot be reasonably estimated.

DIRECTORS' REPORT

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.

After balance date events

Particulars of matters or circumstances that 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 are as follows:

On 6 July 2020 there was a share issue for 200,000,044 ordinary shares at \$0.01 per share, total value being \$2,000,000.44.

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

Martyn Evans	Non-Executive Chairman
Qualifications	BSc, GDipBA
Experience	Martyn is a former member of State and Federal Parliament and held the office of South Australian Minister for Health from 1992 to 1993 and of Federal Shadow Minister of Science from 1996 to 2001. Since retiring from politics, Martyn has held several roles included working as the Director of Community Engagement at the University of Adelaide, chairing the South Australian Ministerial Advisory Committee on End of Life Matters and advising Medicines Australia on policy and government affairs. Martyn currently practices as a strategic consultant.

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DIRECTORS' REPORT

Information on directors and company secretary (Continued)

Peter Wulff	Executive Director and Chief Operating Officer
Qualifications	European Patent Attorney
Experience	<p>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 was an Independent Consultant to the Biotech industry, sat 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.</p>
Maurice O'Shannassy	Non-Executive Director
Experience	<p>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.</p>

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DIRECTORS' REPORT

Information on directors and company secretary (Continued)

Michael Hickinbotham	Non-Executive Director
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 Blake Dawson (now Ashurst) and he holds a degree in Economics from the university of Adelaide and an Honours degree in Law From University College London.
Glenn Burgess	Non-Executive Director
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 Dpt of 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.

DIRECTORS' REPORT

Information on directors and company secretary (Continued)

Paul Howley	Executive Director (resigned 6 March 2020)
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
Julie Dixon	Company Secretary and Chief Financial Officer
Qualifications	CA
Experience	Julie will manage the company's share registry. Julie is a Chartered Accountant with over 30 years' experience in commerce and public practice and has worked as the Chief Financial Officer of the Hickinbotham Group for over 10 years, having previously worked with Exxon Mobil and Ernst & Young.

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Martyn Evans	13	12
Peter Wulff	13	13
Maurice O'Shannassy	13	13
Michael Hickinbotham	13	12
Glenn Burgess	13	13
Paul Howley	5	5

DIRECTORS' REPORT

Shares under option

Unissued ordinary shares of Sementis Ltd under option at the date of this report are as follows:

Date options granted	Number of unissued ordinary shares under option	Issue price of shares	Expiry date of the options
22/01/2019	3,050,000	0.01	22/01/2031

No option holder has any right under the options to participate in any other share issue of the Company.

Shares issued on exercise of options

No shares were issued during the year or up to the date of this report on exercise of options.

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.

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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: 
Martyn Evans

Dated this 30th day of October 2020

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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 2020, 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 (including Independence Standards)*.



S D WHITCHURCH
Partner



PITCHER PARTNERS
Melbourne

Date: 4 November 2020

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		\$	\$
Revenue	3	270,000	20,039
Less: expenses			
Depreciation and amortisation expense	4	(45,558)	(83,632)
Employee benefits expense	4	(176,546)	(249,896)
Finance costs		(1,251)	(1,041)
Research and development expense	4	(2,790,187)	(1,683,966)
Administration Expense		(215,972)	(148,471)
Directors' fees		(322,413)	(210,585)
License fees		(599,071)	(555,942)
Other expenses		<u>(672,180)</u>	<u>(324,517)</u>
		<u>(4,823,178)</u>	<u>(3,258,050)</u>
Loss before income tax expense		(4,553,178)	(3,238,011)
Income tax (expense) / benefit		<u>1,241,326</u>	<u>617,146</u>
Loss from continuing operations		<u>(3,311,852)</u>	<u>(2,620,865)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>(3,311,852)</u></u>	<u><u>(2,620,865)</u></u>

The accompanying notes form part of these financial statements.

SEMENTIS LTD
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	6	1,720,833	3,706,660
Receivables	7	1,277,464	1,785,148
Other assets	8	<u>432,050</u>	<u>956,259</u>
Total current assets		<u>3,430,347</u>	<u>6,448,067</u>
Non-current assets			
Plant and equipment	9	<u>102,819</u>	<u>71,963</u>
Total non-current assets		<u>102,819</u>	<u>71,963</u>
Total assets		<u>3,533,166</u>	<u>6,520,030</u>
Current liabilities			
Payables	10	1,161,573	718,372
Provisions	11	<u>9,095</u>	<u>104,467</u>
Total current liabilities		<u>1,170,668</u>	<u>822,839</u>
Non-current liabilities			
Provisions	11	<u>296</u>	<u>38,137</u>
Total non-current liabilities		<u>296</u>	<u>38,137</u>
Total liabilities		<u>1,170,964</u>	<u>860,976</u>
Net assets		<u>2,362,202</u>	<u>5,659,054</u>
Equity			
Share capital	12	19,470,393	19,455,393
Accumulated losses	14	<u>(17,108,191)</u>	<u>(13,796,339)</u>
Total equity		<u>2,362,202</u>	<u>5,659,054</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Share Capital	Accumulated	Total equity
	\$	Losses	\$
		\$	
Balance as at 1 July 2018	15,052,906	(11,175,474)	3,877,432
Loss for the year	<u>-</u>	<u>(2,620,865)</u>	<u>(2,620,865)</u>
Total comprehensive income for the year	<u>-</u>	<u>(2,620,865)</u>	<u>(2,620,865)</u>
Transactions with owners in their capacity as owners:			
Contributions	<u>4,402,487</u>	<u>-</u>	<u>4,402,487</u>
Total transactions with owners in their capacity as owners	<u>4,402,487</u>	<u>-</u>	<u>4,402,487</u>
Balance as at 30 June 2019	<u>19,455,393</u>	<u>(13,796,339)</u>	<u>5,659,054</u>
Balance as at 1 July 2019	19,455,393	(13,796,339)	5,659,054
Loss for the year	<u>-</u>	<u>(3,311,852)</u>	<u>(3,311,852)</u>
Total comprehensive income for the year	<u>-</u>	<u>(3,311,852)</u>	<u>(3,311,852)</u>
Transactions with owners in their capacity as owners:			
Contributions	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total transactions with owners in their capacity as owners	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Balance as at 30 June 2020	<u>19,470,393</u>	<u>(17,108,191)</u>	<u>2,362,202</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Cash flow from operating activities			
Receipts from customers		220,000	-
Payments to suppliers and employees		(4,922,006)	(3,541,324)
Interest received		-	35,351
ATO Cash flow boost		50,000	-
R&D income tax incentive		<u>617,146</u>	<u>590,914</u>
Net cash used in operating activities		<u>(4,034,860)</u>	<u>(2,915,059)</u>
Cash flow from investing activities			
Payment for plant and equipment		<u>(76,414)</u>	<u>(60,626)</u>
Net cash used in investing activities		<u>(76,414)</u>	<u>(60,626)</u>
Cash flow from financing activities			
Proceeds from share issue		-	3,292,039
Prepayment of shares		1,033,719	-
Proceeds of related party loans		<u>1,091,728</u>	<u>-</u>
Net cash provided by financing activities		<u>2,125,447</u>	<u>3,292,039</u>
Reconciliation of cash			
Cash at beginning of the financial year		3,706,660	3,390,306
Net increase / (decrease) in cash held		<u>(1,985,827)</u>	<u>316,354</u>
Cash at end of financial year	15(a)	<u><u>1,720,833</u></u>	<u><u>3,706,660</u></u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 - Reduced Disclosure Requirements, 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

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.

COVID-19

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the services offered, customers and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the group unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

(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 \$3,311,852 during the year ended 30 June 2020 (2019: \$2,620,865 loss), and as at that date the Company had a current asset surplus of \$2,259,679 (2019: \$5,625,228) and net assets of \$2,362,202 (2019: \$5,659,054).

The directors plan to continue to increase expenditure on research and development in FY2021 and in order to continue as a going concern the Company will therefore be dependent on an additional capital raise in FY2021.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern (Continued)

As the equity raising has not been completed as at the date of this report, the Company has received a letter of financial support indicating Fortitude Nominees Pty Ltd (the underwriter) will underwrite \$5,000,000 of capital should Sementis Ltd require it. The commitment of financial support is subject to:

- the capital raising being at a price share that the underwriter nominates (acting reasonably) based on the assessment of the value of the Company at the time, having regard to all relevant circumstances;
- the requirements of the *Corporations Act 2001* being satisfied by the Company;
- the underwriter being satisfied with the outcome of, and responses to, their due diligence enquiries on the status of the Company's intellectual property that may be undertaken by them at the time at which the Board may propose to conduct such a capital raising; and
- the underwriter and the Company, 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.

While the Directors consider the going concern basis of accounting appropriate, they 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.

(c) Foreign currency transactions 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 undertaken in foreign currencies are recognised in the Company's functional currency, using the spot rate 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 restated to the spot rate at the reporting date.

Except for certain foreign currency hedges, all exchange gains or losses are recognised in profit or loss for the period in which they arise.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Other revenue and other income

Grant income

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met.

Interest

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 recognised 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 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Plant and equipment

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

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amount of all other 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.

Class of fixed asset	Depreciation rates	Depreciation basis
Plant and equipment at cost	20-50%	Diminishing value
Office equipment at cost	50%	Diminishing value
Computer software	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 Company 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 costs are amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to capitalised development costs is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, capitalised development costs are measured at cost, less accumulated amortisation and any accumulated impairment losses.

Other development expenditure is recognised as an expense when incurred.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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 other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the 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 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 Company 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 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.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) New and revised accounting standards effective at 30 June 2020

The company has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 Leases (AASB 16).

The application of AASB16 has not materially impacted the recognition and measurement of the company's assets and liabilities.

NOTE 2: 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:

	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents	1,720,833	3,706,660
Receivables	36,138	76,274
Related party receivables	<u>-</u>	<u>1,091,728</u>
	<u>1,756,971</u>	<u>4,874,662</u>
Financial liabilities		
Other payables and accruals	127,854	718,372
Prepayment of shares	<u>1,033,719</u>	<u>-</u>
	<u>1,161,573</u>	<u>718,372</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: 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 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.

Maturity analysis

The following table outlines the Company's remaining contractual maturities for non-derivative financial instruments. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the Company can be required to pay.

Year ended 30 June 2020	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount
	\$	\$	\$	\$	\$
Other payables and accruals	127,854	-	-	127,854	127,854
Prepayment of shares	<u>1,033,719</u>	-	-	<u>1,033,719</u>	<u>1,033,719</u>
Net maturities	<u>1,161,573</u>	<u>-</u>	<u>-</u>	<u>1,161,573</u>	<u>1,161,573</u>
Year ended 30 June 2019					
Payables	<u>718,372</u>	-	-	<u>718,372</u>	<u>718,372</u>
Net maturities	<u>718,372</u>	<u>-</u>	<u>-</u>	<u>718,372</u>	<u>718,372</u>
				2020	2019
				\$	\$

NOTE 3: REVENUE

Other revenue		
Interest income	-	<u>20,039</u>
	<u>-</u>	<u>20,039</u>
Other income		
Subsidies and grants	220,000	-
ATO cash flow boost	<u>50,000</u>	-
	<u>270,000</u>	<u>-</u>

SEMENTIS LTD
ABN: 36 138 550 811

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 4: OPERATING PROFIT		
Losses before income tax has been determined after:		
Depreciation		
- plant and equipment	43,935	80,597
- computer equipment	<u>1,623</u>	<u>3,035</u>
	45,558	83,632
Research and development costs	2,790,187	1,683,966
Employee benefits:		
- Other employee benefits	176,546	249,896
Remuneration of auditors for:		
Pitcher Partners (Melbourne)		
Audit and assurance services		
- Audit of the financial report	26,700	26,700
Other non-audit services		
- Taxation services	<u>5,300</u>	<u>5,300</u>
	<u>32,000</u>	<u>32,000</u>

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the Company		
- short-term employee benefits	322,413	210,585
- post-employment benefits	14,762	20,006
- termination benefits	159,972	-
- share-based payments	<u>15,000</u>	<u>-</u>
	<u>512,147</u>	<u>230,591</u>

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

Name	Appointment / resignation details
Martyn Evans	Appointed 27 November 2018
Peter Wulff	Appointed 12 June 2017
Maurice O'Shannassy	Appointed 28 May 2012
Michael Hickenbotham	Appointed 12 December 2017
Glenn Burgess	Appointed 12 December 2017
Paul Howley	Resigned 6 March 2020

SEMENTIS LTD
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The names of key management personnel during the year are:

Name	Appointment / resignation details	Position
John Hayball	Appointed 14 April 2020	Chief Scientific Officer
Paul Howley	Appointed 29 July 2009 / resigned 6 March 2020	Chief Scientific Officer

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank	<u>1,720,833</u>	<u>3,706,660</u>
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NOTE 7: RECEIVABLES

CURRENT

Other receivables		
GST Input Credits	36,138	76,274
R&D tax incentive receivable	<u>1,241,326</u>	<u>617,146</u>
	<u>1,277,464</u>	<u>693,420</u>
Amounts receivable from:		
- related party	<u>-</u>	<u>1,091,728</u>
	<u>1,277,464</u>	<u>1,785,148</u>

NOTE 8: OTHER ASSETS

CURRENT

Prepayments	<u>432,050</u>	<u>956,259</u>
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SEMENTIS LTD
ABN: 36 138 550 811

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 9: PLANT AND EQUIPMENT		
Plant and equipment		
Plant and equipment at cost	736,206	667,216
Accumulated depreciation	<u>(642,267)</u>	<u>(598,331)</u>
	93,939	68,885
Office equipment at cost	23,215	23,215
Accumulated depreciation	<u>(23,215)</u>	<u>(23,215)</u>
	-	-
Computer software at cost	42,957	35,532
Accumulated depreciation	<u>(34,077)</u>	<u>(32,454)</u>
	<u>8,880</u>	<u>3,078</u>
Total plant and equipment	<u><u>102,819</u></u>	<u><u>71,963</u></u>
(a) Reconciliations		
<i>Plant and equipment</i>		
Opening carrying amount	68,885	88,856
Additions	68,989	60,626
Depreciation expense	<u>(43,935)</u>	<u>(80,597)</u>
Closing carrying amount	<u><u>93,939</u></u>	<u><u>68,885</u></u>
<i>Computer Software</i>		
Opening carrying amount	3,078	6,113
Additions	7,425	-
Depreciation expense	<u>(1,623)</u>	<u>(3,035)</u>
Closing carrying amount	<u><u>8,880</u></u>	<u><u>3,078</u></u>
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	71,963	94,969
Additions	76,414	60,626
Depreciation expense	<u>(45,558)</u>	<u>(83,632)</u>
Carrying amount at 30 June	<u><u>102,819</u></u>	<u><u>71,963</u></u>

SEMENTIS LTD
ABN: 36 138 550 811

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
NOTE 10: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Other payables	12,766	9,020
Accrued expenses	115,088	709,352
Capital contributions received in advance	<u>1,033,719</u>	<u>-</u>
	<u><u>1,161,573</u></u>	<u><u>718,372</u></u>

NOTE 11: PROVISIONS

CURRENT		
Employee benefits	<u>9,095</u>	<u>104,467</u>
NON-CURRENT		
Employee benefits	<u>296</u>	<u>38,137</u>

NOTE 12: SHARE CAPITAL

Issued and paid-up capital			
1,414,239,689 (2019: 1,412,739,689) ordinary shares	(a)	<u>19,470,393</u>	<u>19,455,393</u>

	2020		2019	
	Number	\$	Number	\$
(a) Ordinary shares				
Opening balance	1,412,739,689	19,455,393	955,490,963	15,052,906
Shares issued:				
31 March 2019	-	-	4,000,000	14,000
30 April 2019	-	-	16,250,000	32,500
31 May 2019	-	-	1,750,000	3,500
30 June 2019	-	-	435,248,726	4,352,487
22 July 2019	<u>1,500,000</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
	<u>1,500,000</u>	<u>15,000</u>	<u>457,248,726</u>	<u>4,402,487</u>
At reporting date	<u><u>1,414,239,689</u></u>	<u><u>19,470,393</u></u>	<u><u>1,412,739,689</u></u>	<u><u>19,455,393</u></u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12: SHARE CAPITAL (CONTINUED)

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the Company 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 2020, management did not pay dividends.

NOTE 13: SHARE BASED PAYMENTS

(a) Equity-settled share-based payments

(i) Employee share scheme

The number of shares issued under the plan to participating employees on 22 July 2019 was 1,500,000.

Each participant was issued with shares, the most of which being 1,500,000 shares based on the issue price of \$0.001.

(ii) Expenses recognised from share-based payment transactions

The expense recognised in relation to the share-based payment transactions was recognised within employee benefit expense within the statement of profit or loss were as follows:

	2020	2019
	\$	\$
Shares issued under employee share scheme	<u>15,000</u>	<u>42,000</u>
Total expenses recognised from share-based payment transactions	<u><u>15,000</u></u>	<u><u>42,000</u></u>

SEMENTIS LTD
ABN: 36 138 550 811

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
	2020	2019
	\$	\$
NOTE 14: ACCUMULATED LOSSES		
Accumulated Losses at beginning of year	(13,796,339)	(11,175,474)
Net loss	<u>(3,311,852)</u>	<u>(2,620,865)</u>
	<u><u>(17,108,191)</u></u>	<u><u>(13,796,339)</u></u>

NOTE 15: 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><u>1,720,833</u></u>	<u><u>3,706,660</u></u>
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NOTE 16: RELATED PARTY TRANSACTIONS

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

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

Peter Wulff performed consultancy services for Sementis Ltd, totalling \$227,827 across the financial year.

Alan Hickinbotham Pty Ltd provided accounting services to Sementis Ltd, totalling \$15,000 (excluding GST).

NOTE 17: CAPITAL AND LEASING COMMITMENTS

(a) Contracts committed

Payable		
- not later than one year	1,017,898	884,095
- later than one year and not later than five years	<u>-</u>	<u>190,400</u>
	<u><u>1,017,898</u></u>	<u><u>1,074,495</u></u>
	<u><u>1,017,898</u></u>	<u><u>1,074,495</u></u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 18: EVENTS SUBSEQUENT TO REPORTING DATE

On 6 July 2020 there was a share issue for 200,000,044 ordinary shares at \$0.01 per share, total value being \$2,000,000.44.

Apart from the above, there has been no matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2020, of the Company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2020, of the Company.

NOTE 19: COMPANY DETAILS

The registered office of the Company is:

Sementis Ltd
Hickinbotham Group of Companies
25 North Terrace
Hackney SA 5069

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 9 - 26, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position as at 30 June 2020 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: _____



Martyn Evans

Dated this

30th

day of

October

2020

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 2020, 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 2020 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 (including Independence Standards)* "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**

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report which indicates that the Company incurred a net loss after tax of \$3,311,852 (2019: \$2,620,865) during the year ended 30 June 2020 and, as of that date the Company had net assets of \$2,362,202 (2019: \$5,659,054). As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1(b) indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. 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 director's report for the year ended 30 June 2020, 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: 4 November 2020