

Opal Biosciences Limited

ABN 97 605 631 963

Half-year Financial Report - 31 December 2017

Opal Biosciences Limited
Corporate directory
31 December 2017

Directors	Mr Hugh M Morgan AC Ms Julie Phillips Mr Henry Kenneth Windle
Company secretary	Melanie Leydin
Registered office	Level 4 100 Albert Road South Melbourne VIC 3205 PH: + 61 3 9692 7240
Principal place of business	Level 4 100 Albert Road South Melbourne VIC 3205 PH: + 61 3 9692 7240
Auditor	Grant Thornton Audit Pty Ltd Tower 1, Collins Square 727 Collins Street Melbourne VIC 3008
Website	www.opalbiosciences.com

Opal Biosciences Limited

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Opal Biosciences Limited
Directors' report
31 December 2017

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2017.

Directors

The following persons were directors of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Hugh M Morgan AC
Ms Julie Phillips
Prof Larisa Rudenko (resigned 20 February 2018)
Mr Henry Kenneth Windle (appointed 20 February 2018)

Principal activities

During the financial period the principal activity of the company consisted of the development and commercialisation of pharmaceutical and biomedical research.

Review of operations

The loss for the company after providing for income tax amounted to \$130 (31 December 2016: \$130).

Opals' preclinical antimicrobial compound BDM-I is being developed and commercialised to target the treatment of infections, including 'superbugs' that cause antibiotic-resistant serious human infections. The formation of Opal Biosciences in May 2015 as a subsidiary of BioDiem Limited, was undertaken to permit external investment in the development of BDM-I while allowing BioDiem shareholders to retain benefit from successful commercialisation.

Significant changes in the state of affairs

On 20 November 2017 the Company received shareholder approval in relation to the Company's acquisition of the BDM-I technology from BioDiem Limited by the issue by the Company of 2,500,000 fully paid ordinary shares to BioDiem Limited in lieu of \$500,000 cash consideration.

There were no other significant changes in the state of affairs of the company during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Ms Julie Phillips
Director

3 April 2018

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Auditor's Independence Declaration to the Directors of Opal Biosciences Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Opal Biosciences Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Cunningham
Partner - Audit & Assurance

Melbourne, 3 April 2018

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Opal Biosciences Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

	31 December 2017 \$	31 December 2016 \$
Expenses		
Administration	(130)	(130)
Loss before income tax expense	(130)	(130)
Income tax expense	-	-
Loss after income tax expense for the half-year attributable to the owners of Opal Biosciences Limited	(130)	(130)
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income for the half-year attributable to the owners of Opal Biosciences Limited	<u>(130)</u>	<u>(130)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Opal Biosciences Limited
Statement of financial position
As at 31 December 2017

	Note	31 December 2017 \$	30 June 2017 \$
Assets			
Current assets			
Cash and cash equivalents		78,101	78,231
Total current assets		<u>78,101</u>	<u>78,231</u>
Total assets		<u>78,101</u>	<u>78,231</u>
Liabilities			
Total liabilities		<u>-</u>	<u>-</u>
Net assets		<u>78,101</u>	<u>78,231</u>
Equity			
Issued capital	3	103,012	103,012
Accumulated losses		<u>(24,911)</u>	<u>(24,781)</u>
Total equity		<u>78,101</u>	<u>78,231</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Opal Biosciences Limited
Statement of changes in equity
For the half-year ended 31 December 2017

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016	103,012	(24,591)	78,421
Loss after income tax expense for the half-year	-	(130)	(130)
Other comprehensive income for the half-year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the half-year	-	(130)	(130)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	<u>103,012</u>	<u>(24,721)</u>	<u>78,291</u>
	<hr/>	<hr/>	<hr/>
	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	103,012	(24,781)	78,231
Loss after income tax expense for the half-year	-	(130)	(130)
Other comprehensive income for the half-year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the half-year	-	(130)	(130)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	<u>103,012</u>	<u>(24,911)</u>	<u>78,101</u>

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

Opal Biosciences Limited
Statement of cash flows
For the half-year ended 31 December 2017

	31 December	31 December
	2017	2016
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(130)	(130)
Net cash used in operating activities	(130)	(130)
Cash flows from investing activities		
Net cash from investing activities	-	-
Cash flows from financing activities		
Net cash from financing activities	-	-
Net decrease in cash and cash equivalents	(130)	(130)
Cash and cash equivalents at the beginning of the financial half-year	78,231	78,421
Cash and cash equivalents at the end of the financial half-year	<u>78,101</u>	<u>78,291</u>

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

Opal Biosciences Limited
Notes to the financial statements
31 December 2017

Note 1. General information

The financial statements cover Opal Biosciences Limited as an individual entity. The financial statements are presented in Australian dollars, which is Opal Biosciences Limited's functional and presentation currency.

Opal Biosciences Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
 100 Albert Road
 South Melbourne VIC 3205

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 April 2018.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Equity - issued capital

	31 December 2017 Shares	30 June 2017 Shares	31 December 2017 \$	30 June 2017 \$
Ordinary shares - fully paid	<u>13,015,012</u>	<u>10,515,012</u>	<u>103,012</u>	<u>103,012</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance		10,515,012		103,012
Issue of shares	20 December 2017	<u>2,500,000</u>	\$0.00	<u>-</u>
Balance	31 December 2017	<u><u>13,015,012</u></u>		<u><u>103,012</u></u>

Note 3. Equity - issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 4. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 5. Events after the reporting period

Subsequent to 31 December 2017 the Company completed a placement of 3,030,000 new fully paid ordinary shares at an issue price of \$0.20 (20 cents) per share raising \$606,000. The funds raised from the placement will be used to continue the development of the IV form (injectable) of antimicrobial, BDM-I (Opal-I), and for general working capital purposes.

The Company also announced the appointment of Mr Ken Windle as a non-executive director of the Company. Ken has a successful career in the Australian and international pharmaceutical industry and more recently with smaller Australian companies.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Opal Biosciences Limited
Directors' declaration
31 December 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Ms Julie Phillips
Director

3 April 2018

Independent Auditor's Review Report to the Members of Opal Biosciences Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half year financial report of Opal Biosciences Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Opal Biosciences Limited (the Company) does not give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors' Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Opal Biosciences Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 3 April 2018