

Opal Biosciences Limited

ABN 97 605 631 963

Half-year Financial Report - 31 December 2018

Opal Biosciences Limited
Corporate directory
31 December 2018

Directors	Mr Hugh M Morgan AC Ms Julie Phillips Mr Henry Kenneth Windle Mr Peter Snowball
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
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Opal Biosciences Limited

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Opal Biosciences Limited
Directors' report
31 December 2018

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2018.

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
Mr Peter Snowball (appointed 28 August 2018)
Mr Henry Kenneth Windle

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 \$177,746 (31 December 2017: \$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 28 August 2018, Opal Biosciences Limited announced the appointment of Peter Snowball to its Board of Directors, as a non-executive director.

In December 2018, Opal Biosciences Limited issued 1,011,000 shares to investors at \$0.25 (25 cents) per share, successfully raising \$252,750.

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



Mr Hugh M Morgan AC
Director

15 March 2019

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 2018, 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, 15 March 2019

Opal Biosciences Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2018

	Note	31 December 2018 \$	31 December 2017 \$
Revenue			
Other income	3	78,827	-
Expenses			
Research and development expenses		(77,893)	-
Administration		(178,680)	(130)
Loss before income tax expense		(177,746)	(130)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Opal Biosciences Limited		(177,746)	(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>(177,746)</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 2018

	Note	31 December 2018 \$	30 June 2018 \$
Assets			
Current assets			
Cash and cash equivalents		431,546	422,395
Trade and other receivables		11,270	13,814
Other assets		121,453	68,190
Total current assets		<u>564,269</u>	<u>504,399</u>
Total assets		<u>564,269</u>	<u>504,399</u>
Liabilities			
Current liabilities			
Trade and other payables		13,138	28,271
Total current liabilities		<u>13,138</u>	<u>28,271</u>
Total liabilities		<u>13,138</u>	<u>28,271</u>
Net assets		<u>551,131</u>	<u>476,128</u>
Equity			
Issued capital	4	1,461,762	1,209,012
Accumulated losses		<u>(910,631)</u>	<u>(732,884)</u>
Total equity		<u>551,131</u>	<u>476,128</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 2018

	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)
Balance at 31 December 2017	<u>103,012</u>	<u>(24,911)</u>	<u>78,101</u>
	<hr/>	<hr/>	<hr/>
	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	1,209,012	(732,885)	476,127
Loss after income tax expense for the half-year	-	(177,746)	(177,746)
Other comprehensive income for the half-year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the half-year	-	(177,746)	(177,746)
<i>Transactions with owners in their capacity as owners:</i>			
Issue of shares	<u>252,750</u>	<u>-</u>	<u>252,750</u>
Balance at 31 December 2018	<u><u>1,461,762</u></u>	<u><u>(910,631)</u></u>	<u><u>551,131</u></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 2018

	31 December 2018	31 December 2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(243,599)	(130)
Net cash used in operating activities	(243,599)	(130)
Cash flows from investing activities		
Net cash from investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of shares	252,750	-
Net cash from financing activities	252,750	-
Net increase/(decrease) in cash and cash equivalents	9,151	(130)
Cash and cash equivalents at the beginning of the financial half-year	422,395	78,231
Cash and cash equivalents at the end of the financial half-year	<u>431,546</u>	<u>78,101</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 2018

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 15 March 2019.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 2018.

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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Note 2. Significant accounting policies (continued)

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 9 Financial Instruments

The company has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

There was no impact to the accounting processes, financial performance or financial position of the company as a result of adoption of this standard in either the current or comparative period.

AASB 15 Revenue from Contracts with Customers

The company has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

There was no impact to the accounting processes, financial performance or financial position of the company as a result of adoption of this standard in either the current or comparative period.

Note 3. Other income

	31 December 2018	31 December 2017
	\$	\$
Research & Development Tax Concession	<u>78,827</u>	<u>-</u>

Note 4. Equity - issued capital

	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>17,056,012</u>	<u>16,045,012</u>	<u>1,461,762</u>	<u>1,209,012</u>

Opal Biosciences Limited
Notes to the financial statements
31 December 2018

Note 4. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance		16,045,012		1,209,012
Issue of shares	31 December 2018	<u>1,011,000</u>	\$0.25	<u>252,750</u>
Balance	31 December 2018	<u><u>17,056,012</u></u>		<u><u>1,461,762</u></u>

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.

During the half-year ended 31 December 2018, Opal Biosciences Limited issued 1,011,000 shares to investors at \$0.25 (25 cents) per share, successfully raising \$252,750.

Note 5. Equity - dividends

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

Note 6. Events after the reporting period

No matter or circumstance has arisen since 31 December 2018 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 2018

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 2018 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



Mr Hugh M Morgan AC
Director

15 March 2019

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 condensed statement of financial position as at 31 December 2018, and the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed 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 does not give a true and fair view of the financial position of the Company as at 31 December 2018, 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 responsibility

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 2018 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.

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, 15 March 2019