

Opal Biosciences Limited

ABN 97 605 631 963

Half-year Financial Report - 31 December 2019

Opal Biosciences Limited
Corporate directory
31 December 2019

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 5, 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 2019

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2019.

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
Mr H. 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 \$180,473 (31 December 2018: \$177,746).

Opal's 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.

Significant changes in the state of affairs

During the period ending 31 December 2019, the company announced the early exercise of 1,400,000 share options by Opal shareholders raising 280,000. Options to acquire shares in Opal at \$0.20 per share were issued in February 2018 and formed part of a \$606,000 share placement at that time. The remaining balance of 1,630,000 in relation to the options expiring on 1 February 2020 can be exercised at any time up until 5:00pm (AEDT) on 1 February 2020.

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

Matters subsequent to the end of the financial half-year

Subsequent to the half year end, the company issued 128,036 and 224,181 fully paid ordinary shares at various deemed issue prices per share in lieu of Directors fees to Peter Snowball and Ken Windle, respectively.

In February 2020, the company issued 877,500 shares on exercise of options at an exercise price of \$0.20 (20 cents) per share raising \$175,500.

No other matter or circumstance has arisen since 31 December 2019 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.

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



H M Morgan AC
Director

19 March 2020

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 2019. 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, 19 March 2020

Opal Biosciences Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	31 December 2019 \$	31 December 2018 \$
Revenue			
Other income	3	73,226	78,827
Expenses			
Research and development expenses		(40,252)	(77,893)
Administration		(213,447)	(178,680)
		<u> </u>	<u> </u>
Loss before income tax expense		(180,473)	(177,746)
Income tax expense		-	-
		<u> </u>	<u> </u>
Loss after income tax expense for the half-year attributable to the owners of Opal Biosciences Limited		(180,473)	(177,746)
Other comprehensive income for the half-year, net of tax		-	-
		<u> </u>	<u> </u>
Total comprehensive income for the half-year attributable to the owners of Opal Biosciences Limited		<u> (180,473) </u>	<u> (177,746) </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 2019

	Note	31 December 2019 \$	30 June 2019 \$
Assets			
Current assets			
Cash and cash equivalents		428,452	336,466
Trade and other receivables		7,416	4,713
Other assets		189,327	143,602
Total current assets		<u>625,195</u>	<u>484,781</u>
Total assets		<u>625,195</u>	<u>484,781</u>
Liabilities			
Current liabilities			
Trade and other payables		115,543	74,656
Total current liabilities		<u>115,543</u>	<u>74,656</u>
Total liabilities		<u>115,543</u>	<u>74,656</u>
Net assets		<u>509,652</u>	<u>410,125</u>
Equity			
Issued capital	4	1,741,762	1,461,762
Accumulated losses		<u>(1,232,110)</u>	<u>(1,051,637)</u>
Total equity		<u>509,652</u>	<u>410,125</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 2019

	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	-	-	-
Total comprehensive income for the half-year	-	(177,746)	(177,746)
<i>Transactions with owners in their capacity as owners:</i>			
Issue of shares	252,750	-	252,750
Balance at 31 December 2018	<u>1,461,762</u>	<u>(910,631)</u>	<u>551,131</u>
	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	1,461,762	(1,051,637)	410,125
Loss after income tax expense for the half-year	-	(180,473)	(180,473)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(180,473)	(180,473)
<i>Transactions with owners in their capacity as owners:</i>			
Exercise of options	280,000	-	280,000
Balance at 31 December 2019	<u>1,741,762</u>	<u>(1,232,110)</u>	<u>509,652</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 2019

	31 December 2019	31 December 2018
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(215,502)	(243,599)
Other revenue	27,500	-
	<u>(188,002)</u>	<u>(243,599)</u>
Net cash used in operating activities		
Net cash from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from exercise of options	280,000	252,750
Net cash from financing activities	<u>280,000</u>	<u>252,750</u>
Net increase in cash and cash equivalents	91,998	9,151
Cash and cash equivalents at the beginning of the financial half-year	<u>336,454</u>	<u>422,395</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>428,452</u></u>	<u><u>431,546</u></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 2019

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 19 March 2020.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 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 2019.

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.

Opal Biosciences Limited
Notes to the financial statements
31 December 2019

Note 2. Significant accounting policies (continued)

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

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019 and has been applied by the company from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The company has adopted this standard from 1 July 2019 but there is no material effect on recognition or measurement as Opal Biosciences Limited is not involved in any lease agreements.

Note 3. Other income

	31 December 2019	31 December 2018
	\$	\$
Research & Development Tax Concession	<u>73,226</u>	<u>78,827</u>

Note 4. Equity - issued capital

	31 December 2019	30 June 2019	31 December 2019	30 June 2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>18,456,012</u>	<u>17,056,012</u>	<u>1,741,762</u>	<u>1,461,762</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance		17,056,012		1,461,762
Exercise of options	16-Aug-2019	150,000	\$0.20	30,000
Exercise of options	20-Aug-2019	175,000	\$0.20	35,000
Exercise of options	27-Aug-2019	125,000	\$0.20	25,000
Exercise of options	29-Aug-2019	250,000	\$0.20	50,000
Exercise of options	13-Sep-2019	<u>700,000</u>	\$0.20	<u>140,000</u>
Balance	31 December 2019	<u>18,456,012</u>		<u>1,741,762</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.

Opal Biosciences Limited
Notes to the financial statements
31 December 2019

Note 4. Equity - issued capital (continued)

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 2019, Opal Biosciences Limited issued 1,400,000 shares on exercise of options at an exercise price of \$0.20 (20 cents) per share.

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

Subsequent to the half year end, the company issued 128,036 and 224,181 fully paid ordinary shares at various deemed issue prices per share in lieu of Directors fees to Peter Snowball and Ken Windle, respectively.

In February 2020, the company issued 877,500 shares on exercise of options at an exercise price of \$0.20 (20 cents) per share raising \$175,500.

No other matter or circumstance has arisen since 31 December 2019 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 2019

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 2019 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



H M Morgan AC
Director

19 March 2020

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 2019, 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 2019, 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 2019 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, 19 March 2020