

**Lachesis Biosciences Ltd****ABN 90 115 641 855**

Financial report

For the year ended 30 June 2017

**Pitcher Partners**

Level 19

15 William Street

Melbourne VIC 3000

Telephone (03) 8610 5000

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**LACHESIS BIOSCIENCES LTD**

**ABN 90 115 641 855**

**DIRECTOR'S REPORT**

The directors presents this report together with the financial report of Lachesis Biosciences Ltd for the year ended 30 June 2017 and auditor's report thereon.

**Directors names**

The name of the directors in office at any time during or since the end of the year is:

Tim Morgan

Christian Nicks (appointed 20 July 2016)

Amanda Reese (appointed 20 July 2016)

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 \$292,733 (2016:\$157,038).

**Review of operations**

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

**Significant changes in state of affairs**

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 pharmaceutical development for clinical trials.

No significant change in the nature of these activities occurred during the year.

**After balance date events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**Likely developments**

The company expects to maintain the present status and level of operations.

**LACHESIS BIOSCIENCES LTD**

**ABN 90 115 641 855**

**DIRECTOR'S REPORT**

**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.

**Options**

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

**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.

**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**

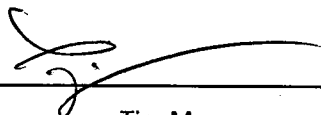
A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

**Proceedings on behalf of the company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

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



Tim Morgan

Dated this

4<sup>th</sup>

day of

May

2018

LACHESIS BIOSCIENCES LTD  
ABN 90 115 641 855

AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF LACHESIS BIOSCIENCES LTD

In relation to the independent audit for the year ended 30 June 2017, 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*.



Stephen Schonberg

Partner

Date: 15/5/18



PITCHER PARTNERS

Melbourne

**LACHESIS BIOSCIENCES LTD**  
**ABN 90 115 641 855**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Revenue and other income</b>			
Sales revenue	2	266	-
Other revenue	2	<u>54</u>	<u>1,122</u>
	2	<u>320</u>	<u>1,122</u>
<b>Less: expenses</b>			
Materials and consumables used		(24,801)	-
Depreciation and amortisation expense	13	(12,434)	(16,404)
Employee benefits expense		(34,323)	(81,011)
Research and development expense		(35,594)	(37,797)
Capital raising costs		(45,042)	-
Other expenses		<u>(169,618)</u>	<u>(73,776)</u>
		<u>(321,812)</u>	<u>(208,988)</u>
<b>Profit / (loss) before income tax expense</b>		(321,492)	(207,866)
Income tax (expense) / benefit	3	<u>28,759</u>	<u>50,828</u>
<b>Net profit / (loss) from continuing operations</b>		<u>(292,733)</u>	<u>(157,038)</u>
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>(292,733)</u>	<u>(157,038)</u>

The accompanying notes form part of these financial statements.

**LACHESIS BIOSCIENCES LTD**  
**ABN 90 115 641 855**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Current assets</b>			
Cash and cash equivalents	4	3,991	44,312
Receivables	5	6,430	5,117
Current tax assets	3	28,759	50,828
Other assets	6	<u>701</u>	<u>46,469</u>
<b>Total current assets</b>		<u>39,881</u>	<u>146,726</u>
<b>Non-current assets</b>			
Plant and equipment	7	<u>24,670</u>	<u>30,323</u>
<b>Total non-current assets</b>		<u>24,670</u>	<u>30,323</u>
<b>Total assets</b>		<u>64,551</u>	<u>177,049</u>
<b>Current liabilities</b>			
Payables	8	<u>246,080</u>	<u>65,845</u>
<b>Total current liabilities</b>		<u>246,080</u>	<u>65,845</u>
<b>Total liabilities</b>		<u>246,080</u>	<u>65,845</u>
<b>Net assets</b>		<u>(181,529)</u>	<u>111,204</u>
<b>Equity</b>			
Share capital	9	1,887,900	1,887,900
Accumulated losses	10	<u>(2,069,429)</u>	<u>(1,776,696)</u>
<b>Total equity</b>		<u>(181,529)</u>	<u>111,204</u>

The accompanying notes form part of these financial statements.

**LACHESIS BIOSCIENCES LTD**  
**ABN 90 115 641 855**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Share capital \$	Accumulated losses \$	Total equity \$
<b>Balance as at 1 July 2015</b>	1,887,900	(1,619,658)	268,242
Loss for the year	<u>-</u>	<u>(157,038)</u>	<u>(157,038)</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>(157,038)</u>	<u>(157,038)</u>
<b>Balance as at 30 June 2016</b>	<u>1,887,900</u>	<u>(1,776,696)</u>	<u>111,204</u>
<b>Balance as at 1 July 2016</b>	1,887,900	(1,776,696)	111,204
Loss for the year	<u>-</u>	<u>(292,733)</u>	<u>(292,733)</u>
<b>Total comprehensive income for the year</b>	<u>-</u>	<u>(292,733)</u>	<u>(292,733)</u>
<b>Balance as at 30 June 2017</b>	<u>1,887,900</u>	<u>(2,069,429)</u>	<u>(181,529)</u>

The accompanying notes form part of these financial statements.



**LACHESIS BIOSCIENCES LTD**  
**ABN 90 115 641 855**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	Note	2017 \$	2016 \$
<b>Cash flow from operating activities</b>			
Receipts from customers		293	-
Payments to suppliers and employees		(305,115)	(182,506)
Interest received		54	1,122
Income tax received		<u>50,828</u>	<u>144,974</u>
<b>Net cash used in operating activities</b>	11(b)	<u>(253,940)</u>	<u>(36,410)</u>
<b>Cash flow from investing activities</b>			
Payment plant and equipment		<u>(6,781)</u>	<u>(3,472)</u>
<b>Net cash used in investing activities</b>		<u>(6,781)</u>	<u>(3,472)</u>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		<u>220,400</u>	-
<b>Net cash provided by financing activities</b>		<u>220,400</u>	-
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		44,312	84,194
Net increase / (decrease) in cash held		<u>(40,321)</u>	<u>(39,882)</u>
<b>Cash at end of financial year</b>	11(a)	<u><u>3,991</u></u>	<u><u>44,312</u></u>

The accompanying notes form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001*.

The financial report covers Lachesis Biosciences Ltd as an individual entity. Lachesis Biosciences Ltd is a company limited by shares, incorporated and domiciled in Australia. Lachesis Biosciences Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the director as at the date of the director's report.

The financial report has been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

**(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.

**(b) Going concern**

The financial report has been prepared on a going concern basis.

The company incurred a loss from ordinary activities of \$292,733 (2016: \$157,038 loss) during the year ended 30 June 2017.

The company's major shareholder has provided a letter of financial support to the company to ensure the company can meet its financial obligations as and when they fall due.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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

**(c) Revenue**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

**(d) 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 accounted for 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.

**(e) 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.

**(f) Plant and equipment**

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

*Plant and equipment*

Plant and equipment is measured on a cost basis.

*Depreciation*

The depreciable amount of all property, 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.

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
Plant and equipment at cost	20-40%	Diminishing value
Office equipment at cost	12%	Diminishing value
Furniture, fixtures and fittings at cost	37-40%	Diminishing value
Computer equipment at cost	20-40%	Diminishing value

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

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

**(g) Research and development expenditure**

Expenditure on research activities is recognised as an expense when incurred.

Development costs are to be capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sell the asset; the entity has sufficient resource; and intent to complete the development and its costs can be measured reliably.

As of 30 June 2017 no development costs have been capitalised.

Other development expenditure is recognised as an expense when incurred.

**(h) Goods and services tax (GST)**

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(i) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

**LACHESIS BIOSCIENCES LTD**  
**ABN 90 115 641 855**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>NOTE 2: REVENUE AND OTHER INCOME</b>		
Sales revenue		
Sale of goods	266	-
Other revenue		
Interest income	<u>54</u>	<u>1,122</u>
	<u>320</u>	<u>1,122</u>
<b>NOTE 3: INCOME TAX</b>		
<b>(a) Components of tax expense</b>		
Current tax	<u>(28,759)</u>	<u>(50,828)</u>
	<u>(28,759)</u>	<u>(50,828)</u>
<b>(b) Current tax</b>		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	(50,828)	(144,974)
Tax refund	50,828	144,974
R&D tax incentive	<u>(28,759)</u>	<u>(50,828)</u>
Current tax liabilities / (assets)	<u>(28,759)</u>	<u>(50,828)</u>
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>		
Cash at bank	3,891	44,212
Other cash	<u>100</u>	<u>100</u>
	<u>3,991</u>	<u>44,312</u>
<b>NOTE 5: RECEIVABLES</b>		
<b>CURRENT</b>		
Trade debtors	27	-
Other receivables	<u>6,403</u>	<u>5,117</u>
	<u>6,430</u>	<u>5,117</u>

**LACHESIS BIOSCIENCES LTD**  
**ABN 90 115 641 855**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>NOTE 6: OTHER ASSETS</b>		
<b>CURRENT</b>		
Prepayments	701	1,427
Capitalised capital raising	<u>-</u>	<u>45,042</u>
	<u>701</u>	<u>46,469</u>
<b>NOTE 7: PLANT AND EQUIPMENT</b>		
<b>Plant and equipment</b>		
Plant and equipment at cost	113,812	107,031
Accumulated depreciation	<u>(92,773)</u>	<u>(81,092)</u>
	21,039	25,939
Office equipment at cost	19,330	19,330
Accumulated depreciation	<u>(15,699)</u>	<u>(14,946)</u>
	3,631	4,384
Computer equipment at cost	231,770	231,770
Accumulated depreciation	<u>(231,770)</u>	<u>(231,770)</u>
	<u>-</u>	<u>-</u>
Total plant and equipment	<u>24,670</u>	<u>30,323</u>
Total property, plant and equipment	<u>24,670</u>	<u>30,323</u>
<b>NOTE 8: PAYABLES</b>		
<b>CURRENT</b>		
<i>Unsecured liabilities</i>		
Trade creditors	14,994	-
Sundry creditors and accruals	<u>10,686</u>	<u>65,845</u>
	<u>25,680</u>	<u>65,845</u>
<i>Secured liabilities</i>		
Amounts payable to:		
- directors	<u>220,400</u>	<u>-</u>
	<u>246,080</u>	<u>65,845</u>

**LACHESIS BIOSCIENCES LTD**  
**ABN 90 115 641 855**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
<b>NOTE 9: SHARE CAPITAL</b>		
Issued and paid-up capital		
8,272,476 (2016: 33,231) Ordinary Shares	<u>1,887,900</u>	<u>1,887,900</u>
<b>NOTE 10: ACCUMULATED LOSSES</b>		
Accumulated losses at beginning of year	(1,776,696)	(1,619,658)
Net loss	<u>(292,733)</u>	<u>(157,038)</u>
	<u>(2,069,429)</u>	<u>(1,776,696)</u>
<b>NOTE 11: CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:		
Cash on hand	100	100
Cash at bank	<u>3,891</u>	<u>44,212</u>
	<u>3,991</u>	<u>44,312</u>
<b>(b) Reconciliation of cash flow from operations with profit after income tax</b>		
Profit / (loss) from ordinary activities after income tax	(284,447)	(157,038)
<b>Adjustments and non-cash items</b>		
Depreciation	12,434	16,404
<b>Changes in operating assets and liabilities</b>		
(Increase) / decrease in receivables	(1,313)	9,528
(Increase) / decrease in other assets	8,723	(35,035)
Increase / (decrease) in payables	(40,165)	35,585
Decrease in current tax assets	<u>50,828</u>	<u>94,146</u>
Cash flows from operating activities	<u>(253,940)</u>	<u>(36,410)</u>

**NOTE 12: COMPANY DETAILS**

The registered office of the company is:

Lachesis Biosciences Ltd  
Level 19  
15 William Street  
Melbourne Vic 3000

LACHESIS BIOSCIENCES LTD  
ABN 90 115 641 855

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
<b>NOTE 13: OPERATING PROFIT</b>		
Profit / (losses) before income tax has been determined after:		
Depreciation		
- office furniture and equipment	12,434	16,404
Research and development costs	35,594	37,797
Employee benefits:		
- Other employee benefits	34,323	81,011
Remuneration of auditors for:		
<i>Pitcher Partners (Melbourne)</i>		
Audit and assurance services		
- Audit or review of the financial report	6,000	6,000
Other non-audit services		
- Financial advisory services	<u>23,178</u>	<u>6,702</u>
	<u>29,178</u>	<u>12,702</u>



LACHESIS BIOSCIENCES LTD  
ABN 90 115 641 855

DIRECTORS' DECLARATION

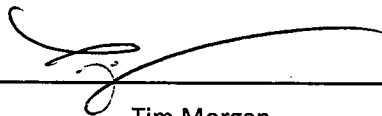
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declares that:

1. In the directors opinion, the financial statements and notes, as set out on pages 4 - 14, are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and
  - (b) giving a true and fair view of the financial position as at 30 June 2017 and performance for the year ended on that date of the company in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the director's 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: \_\_\_\_\_



Tim Morgan

Dated this 4<sup>th</sup> day of May 2018

LACHESIS BIOSCIENCES LTD  
ABN 90 115 641 855

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF LACHESIS BIOSCIENCES LTD

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report, being a special purpose financial report of Lachesis Biosciences Ltd, "the Company", which comprises the statement of financial position as at 30 June 2017, 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 Lachesis Biosciences 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 2017 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* "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.

*Emphasis of Matter - Basis of Accounting*

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Lachesis Biosciences Ltd to meet the requirements of *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**LACHESIS BIOSCIENCES LTD  
ABN 90 115 641 855**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF LACHESIS BIOSCIENCES 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.


LACHESIS BIOSCIENCES LTD  
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INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF LACHESIS BIOSCIENCES 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.

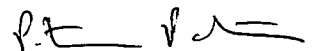
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



S Schonberg

Partner

Date 5/5/18



PITCHER PARTNERS

Melbourne