

## 1. Company details

Name of entity:	Alchemia Limited
ABN:	43 071 666 334
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	99.9% to	32,561
Loss from ordinary activities after tax attributable to the owners of Alchemia Limited	down	102.5% to	(540,291)
Loss for the year attributable to the owners of Alchemia Limited	down	102.5% to	(540,291)

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The loss for the consolidated entity after providing for income tax amounted to \$540,291 (30 June 2016: profit of \$21,425,996).

### Financial Position

The net assets of the consolidated entity decreased by \$540,291 to \$2,196,384 for the year ended 30 June 2017, which is the operating loss for the year.

The net tangible assets of \$2,196,384 at 30 June 2017 ensures the Group is in a sound financial position. The cash burn of the Group in the financial year ended 30 June 2018 is expected to be decreased as the Group continue to focus on reducing corporate costs.

### Operating results for the year

The group reported a net loss after tax of \$540,291 for the financial year, a decrease of \$21,966,287 from its \$21,425,996 profit in 2016.

Total revenue for the year of \$32,561, a decrease of \$25,266,415 from the previous period (2016: \$25,298,976). This decrease is mainly due to the sale of fondaparinux recognised in the 2016 financial year.

Operating expenses for the year was \$572,852, a decrease of \$25,958,975 over the corresponding period (2016: \$26,531,827). This decrease is due to reduced activity in 2017 financial year.

### Cash and cash-flow

The consolidated cash, cash equivalents and short term deposits balance of the Group as at 30 June 2017 were \$1,920,863 and have increased by \$46,946 since the previous corresponding period (2016: \$1,873,917).

### Corporate Operations

Alchemia owns certain HyACT technology intellectual property, although the development of this intellectual property largely ceased following the HA-Irinotecan Phase III trial failure in October 2014. The Group continues to seek out business development opportunities within the broader life sciences sector and other sectors. Through the activities of its board members, the Group has had numerous discussions with other participants in related fields to discuss possible mergers and other corporate transactions.

### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.68</u>	<u>0.84</u>

### 4. Control gained over entities

Not applicable.

### 5. Loss of control over entities

Not applicable.

### 6. Dividends

#### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

#### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

### 7. Dividend reinvestment plans

Not applicable.

### 8. Details of associates and joint venture entities

Not applicable.

### 9. Foreign entities

#### *Details of origin of accounting standards used in compiling the report:*

Not applicable.

### 10. Audit qualification or review

#### *Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an unqualified opinion has been issued.

## 11. Attachments

*Details of attachments (if any):*

The Annual Report of Alchemia Limited for the year ended 30 June 2017 is attached.

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## 12. Signed

Signed



Simon Gennari  
Non-Executive Chairman

Date: 22 August 2017

**Alchemia Limited**

**ABN 43 071 666 334**

**Annual Report - 30 June 2017**

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Directors	Mr. Simon Gennari (Non-Executive Chairman) Mr. David Lamm (Non-Executive Director) Mr. Darren Book (Non-Executive Director)
Company secretary	Ms. Melanie Leydin
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205 Ph: (03) 9692 7222 Fax: (03) 9077 9233
Principal place of business	Level 4, 100 Albert Road South Melbourne, VIC 3205
Share register	Link Market Services, Locked Bag A14, South Sydney NSW 1235 Telephone: (02) 8280 7111 Facsimile: (02) 9287 0303 Email: Registrars@linkmarketservices.com.au
Auditor	Grant Thornton Audit Pty Ltd The Rialto, Level 30, 525 Collins Street Melbourne VIC 3000
Stock exchange listing	Alchemia Limited shares are listed on the Australian Securities Exchange (ASX code: ACL)
Website	<a href="http://www.alchemia.com.au">www.alchemia.com.au</a>

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Alchemia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

### **Directors**

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

Mr Simon Gennari (Non-Executive Chairman)  
Mr. David Lamm (Non-Executive Director)  
Mr. Darren Book (Non-Executive Director) (appointed 12 December 2016)  
Mr. Nathan Drona (Non-Executive Director) (resigned 25 November 2016)

### **Principal activities**

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Closure of all Clinical trial activities and efforts to realise value from company owned intellectual property; and
- Review of new opportunities with the aim of providing overall increase to shareholder value.

### **Dividends**

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

### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$540,291 (30 June 2016: profit of \$21,425,996).

#### **Financial Position**

The consolidated entity made a loss of \$540,291 during the financial year to 30 June 2017 (30 June 2016: profit of \$21,425,996). The loss this financial year mainly relates to ongoing working capital expenditure.

The net tangible assets of \$2,196,384 at 30 June 2017 ensures the Group is in a sound financial position. The cash burn of the Group in the financial year ended 30 June 2018 is expected to be decreased as the Group continue to focus on reducing corporate costs.

#### **Corporate Restructuring**

The Company's development and commercialisation activities have significantly reduced during the twelve months to 30 June 2017. The Company still owns certain HyACT technology intellectual property, although the development of this intellectual property largely ceased following the HA-Irinotecan Phase III trial failure in October 2014. The Group continues to seek out business development opportunities within the broader life sciences sector and other sectors. Through the activities of its board members, the Group has had numerous discussions with other participants in related fields to discuss possible mergers and other corporate transactions.

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

### **Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### **Likely developments**

The Group has discontinued development of its oncology assets and will continue to divest this asset, it will consider any approaches from external parties which included mergers and other corporate transactions, but it was the opinion of the Directors at this present time but only if it offers shareholders the certainty of return.

## **Environmental regulation**

The Company's activities in respect of the conduct of preclinical and clinical trials, using biological technologies, for preclinical and clinical trials are subject to the law of the Commonwealth or the State or Territory in which such activity takes place. The Company undertakes such activities through contractors. Some aspects of such activities could be construed as being covered by law or regulations relating to environmental matters. It is believed that, should activities be so construed, the Company meets the requirements of such law and regulations. The Company retains the right, under the respective contracts, to audit the performance of its contractors.

## **Information on directors**

<b>Name:</b>	Mr. Simon Gennari
<b>Title:</b>	Non-Executive Chairman (appointed 29 February 2016)
<b>Experience and expertise:</b>	Mr Gennari has over 20 years of experience in investment management, corporate finance, strategy and advisory and equity research in Europe and Australia. He is currently a principal of Avenue Advisory, an independent corporate advisory firm. Previous roles include senior investment positions within a UK family office and global hedge fund. His extensive investment experience includes managing portfolios covering a diverse range of sectors and industries globally and within Australia including healthcare, industrials, technology, resources, agriculture, clean technology, retail and financial services. Within corporate finance his experience extends to mergers and acquisitions, capital markets, transaction structuring and strategy for listed and private enterprises including venture capital, debt and equity
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Interests in shares:</b>	None
<b>Name:</b>	Mr. David Lamm
<b>Title:</b>	Non-Executive Director (appointed 7 March 2016)
<b>Experience and expertise:</b>	Mr Lamm is Managing Director and founder of Kentgrove Capital, an investment management firm with a focus on small and micro-cap Australian stocks. He is also currently Executive Chairman of NGE Capital Limited (ASX: NGE). Previously, he was portfolio manager at the Alter Family Office, a large Melbourne-based family office. David has a background in investment banking and management consulting with roles at Credit Suisse and Bain & Company where he worked across a broad range of industries.
<b>Other current directorships:</b>	NGE Capital Limited (ASX: NGE)
<b>Former directorships (last 3 years):</b>	None
<b>Special responsibilities:</b>	
<b>Interests in shares:</b>	64,619,996 fully paid ordinary shares
<b>Name:</b>	Mr. Darren Book (appointed 12 December 2016)
<b>Title:</b>	Non-Executive Director
<b>Experience and expertise:</b>	Mr Book joins the Board of Alchemia following over 15 years' experience in business and corporate finance. Mr Book has knowledge and experience in a variety of finance transactions and industry sectors. Mr Book has extensive experience working with high net worth family groups as well as advising other companies on restructuring, mergers and acquisitions and other strategic initiatives including roles at Ferrier Hodgson and Deloitte. Mr Book currently works with a family office based in Melbourne and holds a Bachelor of Economics degree from Monash University.
<b>Other current directorships:</b>	None
<b>Former directorships (last 3 years):</b>	None
<b>Interests in shares:</b>	1,000,000 Fully paid ordinary shares



Name: Mr. Nathan Drona (resigned 25 November 2016)  
Title: Non-Executive Director  
Experience and expertise: Nathan Drona served on the Board of Alchemia following a fifteen year career in international investment banking, most recently as Managing Director of Challiss in New York and Sydney. Nathan is experienced in corporate finance and has executed more than 25 global banking and M&A engagements in biotech related fields, leading to the award of the "Pharmaceutical Buy-Side M&A Advisor of the Year" by Frost & Sullivan in 2005. Nathan was a non-executive Director of Phosphagenics Limited (ASX: POH) and had been a board member of other public and private companies in Australia and North America. He holds a Master of Business Administration (Finance) from the University of Victoria, British Columbia.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### **Company secretary**

Ms Melanie Leydin

Ms Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer.

The practice provides outsourced company secretarial and accounting services to public and private companies specialising in the Resources, technology, bioscience and biotechnology sector.

Melanie has over 25 years' experience in the accounting profession and has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.

### **Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Simon Gennari	4	4
David Lamm	4	4
Darren Book	2	2
Nathan Drona	2	2

Held: represents the number of meetings held during the time the director held office.

### **Retirement, election and continuation in office of directors**

The Board of Directors (Board) has power to appoint persons as Directors to fill any vacancies. Other than those Directors appointed during the year, one third (or the nearest number to) are required to retire by rotation at each annual general meeting and are eligible to stand for re-election together with those Directors appointed during the year to fill any vacancy who must retire and stand for election.

### **Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

#### ***Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors (Board) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

#### ***Non-executive directors remuneration***

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Fees are established annually for the Chairman and Non-Executive Directors. The total Fees paid by the Group to members of the Board, including fees paid for their involvement on Board committees, are kept within the total approved by shareholders from time to time.

ASX listing rules require the aggregate non-executive directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 10 November 2014, where the shareholders approved an aggregate remuneration of \$750,000.

Each Non-Executive Director receives a fee for being a Director of the Company but no additional fees for sitting on or chairing committees. The Non-Executive Directors also receive superannuation contributions at 9.5%, and do not receive any other retirement benefits

#### ***Executive remuneration***

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

#### *Consolidated entity performance and link to remuneration*

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

#### *Voting and comments made at the company's 25 November 2016 Annual General Meeting ('AGM')*

The company received 95.35% of 'for' votes in relation to its remuneration report for the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

### **Details of remuneration**

#### *Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Alchemia Limited:

- Simon Gennari (Non-Executive Chairman)
- David Lamm (Non-Executive Director)
- Darren Book (Non-Executive Director)
- Nathan Drona (Non-Executive Director) (resigned 25 November 2016)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	Total
2017	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Simon Gennari	41,063	-	-	-	-	-	41,063
David Lamm	25,000	-	-	-	-	-	25,000
Darren Book	13,920	-	-	-	-	-	13,920
Nathan Drona *	10,410	-	-	-	-	-	10,410
<i>Other Key Management Personnel:</i>							
Melanie Leydin**	84,000	-	-	-	-	-	84,000
	174,393	-	-	-	-	-	174,393

\* Nathan Drona resigned as a Non-Executive Director on 25 November 2016

\*\* Fees paid to Leydin Freyer Corp Pty Ltd, of which Melanie Leydin is also a director, in respect of the Company Secretarial and Accounting Services.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Non-monetary	Other	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
<b>2016</b>							
<i>Non-Executive Directors:</i>							
Simon Gennari	19,619	-	-	-	-	-	19,619
Nathan Drona	45,833	-	-	-	-	-	45,833
David Lamm	11,775	-	-	-	-	-	11,775
Ken Poutakidis *	46,966	-	-	4,462	-	-	51,428
Tracie Ramsdale**	61,005	-	-	4,896	-	-	65,901
Timothy Hughes ***	1,694	-	-	161	-	-	1,855
<i>Executive Directors:</i>							
Jenni Pilcher***	192,232	-	-	10,596	-	-	202,828
<i>Other Key Management Personnel:</i>							
Melanie Leydin ****	54,500	-	-	-	-	-	54,500
Stephen Denaro *****	43,020	-	-	-	-	-	43,020
	476,644	-	-	20,115	-	-	496,759

\* Ken Poutakidis resigned as a director on 29 February 2016.

\*\* Tracie Ramsdale resigned as a director on 29 June 2016.

\*\*\* Jenni Pilcher ceased as a Chief Financial Officer on 31 October 2015.

\*\*\* Timothy Hughes retired as Chairman and director on 8 July 2015.

\*\*\*\* Fees paid to Leydin Freyer Corp Pty Ltd, of which Melanie Leydin is also a director, in respect of the Company Secretarial and Accounting Services.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2017	2016	2017	2016	2017	2016
<i>Non-Executive Directors:</i>						
Simon Gennari	100%	100%	-	-	-	-
David Lamm	100%	100%	-	-	-	-
Darren Book	100%	-	-	-	-	-
Nathan Drona	100%	100%	-	-	-	-
Ken Poutakidis	-	100%	-	-	-	-
Tracie Ramsdale	-	100%	-	-	-	-

### Share-based compensation

#### Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2017.

#### Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2017.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2017.

**Additional information**

The earnings of the consolidated entity for the five years to 30 June 2017 are summarised below:

	2017 \$	2016 \$	2015 \$	2014 \$	2013 \$
Other revenue	32,561	25,298,976	11,925,954	14,699	24,297
Net profit/(loss) before tax	(540,291)	22,077,497	(17,827,368)	(6,614)	(5,043)
Net profit/(loss) after tax	(540,291)	21,425,996	(15,815,244)	(6,924)	(4,470)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2017	2016	2015	2014	2013
Share price at financial year start (\$)	0.010	0.037	0.510	0.320	0.450
Share price at financial year end (\$)	0.008	0.010	0.037	0.510	0.320
Basic earnings per share (cents per share)	(0.166)	6.600	(4.900)	(2.100)	(1.600)
Diluted earnings per share (cents per share)	(0.166)	6.600	(4.900)	(2.100)	(1.600)

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
David Lamm	64,691,996	-	-	-	64,691,996
Darren Book*	-	-	1,000,000	-	1,000,000
	<u>64,691,996</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>65,691,996</u>

\* Darren Book appointed on 12 December 2016.

***This concludes the remuneration report, which has been audited.***

**Shares under option**

There were no unissued ordinary shares of Alchemia Limited under option outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares of Alchemia Limited issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

**Indemnity and insurance of officers**

The company has indemnified each Director referred to in this report, the Company Secretary and previous Directors and secretaries (Officers) against all liabilities or loss (other than to the Company or a related body corporate) that may arise from their position as officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act. The indemnity stipulates that the Company will meet the full amount of such liabilities, including costs and expenses, and covers a period of seven years after ceasing to be an Officer of the Company.

The Company has also indemnified the current and previous Directors of its controlled entities and certain members of the Company's senior management for all liabilities and loss (other than to the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving lack of good faith or indemnification is otherwise not permitted under the Corporations Act.

The Company has executed deeds of indemnity in terms of Article 27 in favour of each Non-Executive Director of the Company and certain Non-Executive Directors of related bodies corporate of the Company as well as with the Company Secretary.

The Company has paid insurance premiums in respect of Directors' and Officers' liability insurance contracts, for Officers of the Company and of its controlled entities. The Insurance cover is on standard industry terms and provides cover for loss and liability for wrongful acts in relation to the relevant person's role as an officer, except that cover is not provided for loss in relation to Officers gaining and profit or advantage to which they were not legally entitled, or Officers committing any criminal dishonest, fraudulent or malicious act or omission or any knowing or wilful violation of any statute or regulation. Cover is also only provided for fines and penalties in limited circumstances and up to a small financial limit.

The insurance does not provide cover for the independent auditors of the Company or of a related body corporate of the Company.

In accordance with the usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of indemnity and the amount of the premium paid under the contract.

#### **Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

#### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

#### **Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

#### **Officers of the company who are former partners of Grant Thornton Australia**

There are no officers of the company who are former partners of Grant Thornton Australia.

#### **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.

#### **Auditor**

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



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Simon Gennari  
Non-Executive Chairman

22 August 2017

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## Auditor's Independence Declaration To The Directors of Alchemia Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Alchemia Limited for the year ended 30 June 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 audit; and
- b No contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M A Cunningham  
Partner - Audit & Assurance

Melbourne, 22 August 2017

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**Alchemia Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2017**



	<b>Note</b>	<b>Consolidated</b> <b>2017</b> <b>\$</b>	<b>2016</b> <b>\$</b>
<b>Other Revenue</b>	5	32,561	25,298,976
<b>Expenses</b>			
Business development		(24,000)	(25,824)
Payroll and staff expenses		(13,920)	(558,723)
Depreciation and amortisation expense		-	(162,279)
Research and development costs		(89,366)	(1,018,783)
Rent and occupancy expense		(5,115)	(91,017)
Administration and corporate expenses		(425,351)	(1,082,811)
Other expenses		(15,100)	(282,042)
<b>Profit/(loss) before income tax expense</b>		(540,291)	22,077,497
Income tax expense	6	-	(651,501)
<b>Profit/(loss) after income tax expense for the year attributable to the owners of Alchemia Limited</b>		(540,291)	21,425,996
Other comprehensive income/(loss) for the year, net of tax		-	-
<b>Total comprehensive income/(loss) for the year attributable to the owners of Alchemia Limited</b>		<u>(540,291)</u>	<u>21,425,996</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	22	(0.166)	6.598
Diluted earnings per share	22	(0.166)	6.598

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

	Note	Consolidated 2017 \$	2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	1,920,863	1,873,917
Trade and other receivables	8	84,756	646,869
Prepayments		71,961	169,756
Total current assets		<u>2,077,580</u>	<u>2,690,542</u>
<b>Non-current assets</b>			
Prepayments		205,185	247,636
Total non-current assets		<u>205,185</u>	<u>247,636</u>
<b>Total assets</b>		<u>2,282,765</u>	<u>2,938,178</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	86,381	201,503
Total current liabilities		<u>86,381</u>	<u>201,503</u>
<b>Total liabilities</b>		<u>86,381</u>	<u>201,503</u>
<b>Net assets</b>		<u>2,196,384</u>	<u>2,736,675</u>
<b>Equity</b>			
Issued capital	10	121,294,523	121,294,523
Reserves	11	-	5,680,436
Accumulated losses		(119,098,139)	(124,238,284)
<b>Total equity</b>		<u>2,196,384</u>	<u>2,736,675</u>

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

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2015	151,493,821	5,680,436	(145,664,280)	11,509,977
Profit after income tax expense for the year	-	-	21,425,996	21,425,996
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	21,425,996	21,425,996
Capital return to shareholders	(30,199,298)	-	-	(30,199,298)
Balance at 30 June 2016	<u>121,294,523</u>	<u>5,680,436</u>	<u>(124,238,284)</u>	<u>2,736,675</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2016	121,294,523	5,680,436	(124,238,284)	2,736,675
Loss after income tax expense for the year	-	-	(540,291)	(540,291)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(540,291)	(540,291)
<i>Transactions with owners in their capacity as owners:</i>				
Lapse of options	-	(5,680,436)	5,680,436	-
Balance at 30 June 2017	<u>121,294,523</u>	<u>-</u>	<u>(119,098,139)</u>	<u>2,196,384</u>

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

		<b>Consolidated</b>	
	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from grants & tax incentives		361,305	6,068,781
Receipts from profit share income		-	1,749,042
Payments to suppliers and employees		(346,920)	(5,819,850)
Other income received		22,333	158,076
Interest received		10,228	140,476
		<hr/>	<hr/>
Net cash from operating activities	21	46,946	2,296,525
<b>Cash flows from investing activities</b>			
Proceeds from sale of fondaparinux		-	24,639,119
Redemption of short term deposits		-	116,601
		<hr/>	<hr/>
Net cash from investing activities		-	24,755,720
<b>Cash flows from financing activities</b>			
Payments for Capital return to shareholders		-	(30,199,298)
		<hr/>	<hr/>
Net cash used in financing activities		-	(30,199,298)
Net increase/(decrease) in cash and cash equivalents		46,946	(3,147,053)
Cash and cash equivalents at the beginning of the financial year		1,873,917	5,020,970
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	7	<u>1,920,863</u>	<u>1,873,917</u>

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

## Note 1. General information

The financial statements cover Alchemia Limited as a consolidated entity consisting of Alchemia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Alchemia Limited's functional and presentation currency.

Alchemia Limited is a listed public company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian stock exchange.

A description of the nature of the consolidated entity'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 22 August 2017.

## Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Management has prepared an assessment of the Group's ability to meet its debts as and when they fall due. This assessment includes forecasting committed expenditure and research and development incentive refunds. This assessment has demonstrated the Group has sufficient funds to meet the obligations of the Group as and when they fall due. In addition, there are no formal plans to liquidate or wind-up the Group. Accordingly, the Directors have prepared these financial statements on the going concern basis.

For the purposes of preparing financial statements, Alchemia Limited is a for-profit entity.

### Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 18.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of Alchemia Limited and its subsidiaries (the Group) as at 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights
- and potential voting rights

## **Note 2. Significant accounting policies (continued)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies.

The financial statements of the subsidiaries are prepared for the same reporting period as Alchemia Limited, the parent company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Investments in subsidiaries held by Alchemia Limited are accounted for at cost in the parent entity less any impairment charges.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Alchemia Limited's functional and presentation currency.

#### **Functional and presentation currency**

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. As at 30 June 2017, the functional currency of the subsidiaries, have been determined to be Australian dollars.

#### **Transactions and balances**

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences arising on settlement or translation of monetary items are taken to the income statement.

#### **Translation of group companies' functional currency to presentation currency**

As at the reporting date, the assets and liabilities of Audeo Oncology Inc. are translated into the presentation currency of Alchemia Limited at the rate of exchange ruling at the reporting date and its statement of comprehensive income is translated at the weighted average exchange rate for the year. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

### **Research and development costs**

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

## Note 2. Significant accounting policies (continued)

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces 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 solely principal and interest. All other financial instrument assets are to be 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) in other comprehensive income ('OCI'). For financial liabilities, 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 will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under 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. The standard introduces additional new disclosures. The impact of the adoption of the standard is yet to be assessed by the consolidated entity in detail but its adoption is not expected to have a material impact on the Consolidated Entity.

#### *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be 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. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The impact of the adoption of the standard is yet to be assessed by the consolidated entity in detail but its adoption is not expected to have a material impact on the Consolidated Entity.

### Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

#### *Taxation*

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depends on management's estimates of future cash flows. These depend on estimates of future fondaparinux sales volumes, operating costs, capital expenditure, dividends and other capital management transactions.

Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the statement of financial position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of comprehensive income.

### Note 4. Operating segments

#### *Accounting policy for operating segments*

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".



**Note 5. Other revenue**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Other Income*	22,333	158,076
Grant revenue & R&D tax incentive refunds	-	361,305
Interest revenue	10,228	140,476
Sale of Fondaparinux	-	24,639,119
	<hr/>	<hr/>
Other revenue	<b>32,561</b>	<b>25,298,976</b>

\* Other income predominately relates to payroll tax refund of \$16,521 received during the year.

*Accounting policy for revenue recognition*

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest revenue*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Government grants and R&D tax incentive refunds*

Government grants, with the exception of research and development tax incentive refunds, are recognised as deferred revenue when the grant is received. Research and development tax incentive refunds are accrued for in the same period as the expenditure forming the basis of the refund and where there is reasonable assurance that the refund will be received and all attached conditions will be complied with.

When the grant relates to an expense item (e.g. research and development grants), it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. It is not credited directly to shareholders' equity.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

The amounts shown in the statement of financial positions under the deferred revenue account represent grant funding received for which the related expenditure had not been incurred at the reporting date.

**Note 6. Income tax**

	Consolidated 2017 \$	2016 \$
<i>Income tax expense</i>		
Prior year adjustment to deferred tax	-	126,084
(Increase)/decrease in deferred tax assets	-	526,805
(Decrease)/increase in deferred tax liabilities	-	(1,388)
	<u>-</u>	<u>651,501</u>
Aggregate income tax expense	<u>-</u>	<u>651,501</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	(540,291)	22,077,497
Tax at the statutory tax rate of 30%	(162,087)	6,623,249
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D Grant income not assessable for Income tax Purposes	4,437	(108,392)
Research and Development	(9,861)	240,870
Other	-	3,389
	<u>(167,511)</u>	<u>6,759,116</u>
Current year temporary differences not recognised	(316,287)	(1,786,283)
Previously recognised temporary differences recognised in the current year	-	525,417
Prior year adjustment	-	126,201
Utilisation of previously unrecognised tax losses	(6,899,348)	(5,682,957)
Unrecognised tax losses	7,383,146	710,007
	<u>-</u>	<u>651,501</u>
Income tax expense	<u>-</u>	<u>651,501</u>

	Consolidated 2017 \$	2016 \$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	99,317,391	105,295,187
Potential tax benefit @ 30%	29,795,217	31,588,556

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated 2017 \$	2016 \$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Impairment of receivables	-	69,441
Accrued expenses	6,710	9,000
Transaction costs arising on shares issued	23,870	277,159
Other (unrealised forex)	77,146	68,712
	<u>107,726</u>	<u>424,312</u>
Total deferred tax assets not recognised	<u>107,726</u>	<u>424,312</u>

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

## Note 6. Income tax (continued)

### *Accounting policy for income tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when:

- The deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- The taxable temporary difference is associated with investments in subsidiaries and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when:

The deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### *Other taxes*

Revenues, expenses and assets are recognised net of the amount of GST except when:

The GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable

Receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**Note 7. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	333,523	593,191
Cash on deposit	1,587,340	1,280,726
	<u>1,920,863</u>	<u>1,873,917</u>

Cash on call deposits are made for varying periods of between one day and three months, depending on the immediate cash requirement of the Group, and earn interest at the respective cash on call deposit rates.

*Accounting policy for cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**Note 8. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Other receivables	84,756	285,564
Research and development tax incentive refund receivable	-	361,305
	<u>84,756</u>	<u>646,869</u>

*Accounting policy for trade and other receivables*

Trade receivables, which generally have 0-30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

**Note 9. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Trade payables	64,016	171,503
Other payables	22,365	30,000
	<u>86,381</u>	<u>201,503</u>

Refer to note 12 for further information on financial instruments.

## Note 9. Current liabilities - trade and other payables (continued)

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and are normally settled on 30 day terms.
- (ii) Other creditors are non-interest bearing and have an average term of 30 days.

\*Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

### Accounting policy for trade and other payables

Trade payables and other payables are carried at amortised cost due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

## Note 10. Equity - issued capital

	2017 Shares	Consolidated 2016 Shares	2017 \$	2016 \$
Ordinary shares - fully paid	324,723,621	324,723,621	121,294,523	121,294,523

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2015	324,723,621		151,493,821
Capital return to shareholders	24 February 2016	-	\$0.000	(30,199,298)
Balance	30 June 2016	324,723,621		121,294,523
Balance	30 June 2017	324,723,621		121,294,523

### 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.

### Share buy-back

There is no current on-market share buy-back.

### Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment.

## Note 10. Equity - issued capital (continued)

The capital risk management policy remains unchanged from the 2016 Annual Report.

### *Accounting policy for issued capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Note 11. Equity - reserves

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Share premium reserve	-	5,680,336
Share-based payments reserve	-	100
	<u>-</u>	<u>5,680,436</u>

### *Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Options Reserve - employee related \$	Options Reserve - non employee related \$	Total \$
Balance at 1 July 2015	5,042,426	638,010	5,680,436
Balance at 30 June 2016	5,042,426	638,010	5,680,436
Lapse of options	(5,042,426)	(638,010)	(5,680,436)
Balance at 30 June 2017	<u>-</u>	<u>-</u>	<u>-</u>

## Note 12. Financial instruments

### ***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

## Note 12. Financial instruments (continued)

### Market risk

#### Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency is predominately in US dollars. The Group has maintained cash in US dollars to cover a portion of its anticipated US dollar expenditures.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2017 \$	2016 \$	2017 \$	2016 \$
<b>Consolidated</b>				
US dollars	-	253,284	-	92,502
Euros	5,907	6,153	-	-
	<u>5,907</u>	<u>259,437</u>	<u>-</u>	<u>92,502</u>

#### Price risk

The consolidated entity is not exposed to any significant price risk.

#### Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

#### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 13. Fair value measurement

#### Accounting policy for fair value measurement

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### Note 14. Key management personnel disclosures

##### *Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	90,393	476,644
Post-employment benefits	-	20,115
	<u>90,393</u>	<u>496,759</u>

#### Note 15. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by , the auditor of the company, its network firms and unrelated firms:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>35,000</u>	<u>30,000</u>
<i>Other services - unrelated firms</i>		
Review of cashflow budgets	<u>-</u>	<u>2,000</u>

#### Note 16. Contingent assets and liabilities

There are no other contingent assets or liabilities as at 30 June 2017 or 30 June 2016.

#### Note 17. Related party transactions

##### *Parent entity*

Alchemia Limited is the parent entity.

##### *Subsidiaries*

Interests in subsidiaries are set out in note 19.

##### *Key management personnel*

Disclosures relating to key management personnel are set out in note 14 and the remuneration report included in the directors' report.

##### *Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

##### *Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

##### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.



## Note 18. Parent entity information

Set out below is the supplementary information about the parent entity.

### Statement of profit or loss and other comprehensive income

	2017 \$	2016 \$
Profit/(loss) after income tax	(33,661)	22,580,106
Total comprehensive income/(loss)	(33,661)	22,580,106

### Statement of financial position

	2017 \$	2016 \$
Total current assets	407,877	815,955
Total assets	613,062	815,955
Total current liabilities	52,544	69,773
Total liabilities	52,544	69,773
Equity		
Issued capital	121,294,523	121,294,522
Share premium reserve	-	5,681,336
Accumulated losses	(122,857,552)	(128,504,327)
Total equity	(1,563,029)	(1,529,368)

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2017. (2016: Nil)

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017. (2016: Nil)

### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017. (2016: Nil)

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 19. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described either in the respective notes or Note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2017 %	2016 %
Alchemia Oncology Pty Ltd	Australia	100.00%	100.00%
Audeo Discovery Pty Ltd	Australia	100.00%	100.00%

## Note 20. Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## Note 21. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated	
	2017 \$	2016 \$
Profit/(loss) after income tax expense for the year	(540,291)	21,425,996
Adjustments for:		
Depreciation and amortisation	-	162,279
Sale of fondaparinux	-	(24,639,119)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	562,113	7,817,823
Decrease/(increase) in prepayments	140,246	(202,502)
Decrease/(increase) in deferred tax assets	-	652,889
Decrease in trade and other payables	(115,122)	(578,633)
Increase/(Decrease) in current tax liabilities	-	(61,295)
Increase/(Decrease) in current tax provisions	-	(2,279,525)
Increase/(Decrease) in deferred tax liabilities	-	(1,388)
Net cash from operating activities	<u>46,946</u>	<u>2,296,525</u>

## Note 22. Earnings per share

	Consolidated	
	2017 \$	2016 \$
Profit/(loss) after income tax attributable to the owners of Alchemia Limited	<u>(540,291)</u>	<u>21,425,996</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>324,723,621</u>	<u>324,723,621</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>324,723,621</u>	<u>324,723,621</u>

**Note 22. Earnings per share (continued)**

	Cents	Cents
Basic earnings per share	(0.166)	6.598
Diluted earnings per share	(0.166)	6.598

*Accounting policy for earnings per share*

*Basic earnings per share*

Basic earnings per share is calculated as net profit or loss attributable to members of the parent and divided by the weighted average number of ordinary shares, adjusted for any bonus element.

*Diluted earnings per share*

Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**Note 23. Share-based payments**

Employee Share Option Plan, 'ESOP'

An Employee and Officers Option Plan has been established where Alchemia Limited may, at the discretion of the Board, grant options over the ordinary shares of Alchemia Limited to Directors, Executives, contractors and employees of the consolidated entity. The options, issued for nil consideration, are exercisable any time two to three years after the issue date and expire four to five years after the issue date.

The exercise of the options is not subject to any performance conditions other than the employee remaining in the employ of the Company at the date of exercise. The options cannot be transferred and will not be quoted on the ASX.

Set out below are summaries of options granted under the plan:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
11/11/2013	11/11/2017	\$0.715	191,000	-	-	(191,000)	-
			191,000	-	-	(191,000)	-

Option pricing model

Equity-settled transactions

The fair value of the equity-settled share options granted under the ESOP is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the option were granted. The model takes into account the share price volatilities and co-variances of the Company, and excludes the impact of any estimated forfeitures related to the service-based vesting conditions on the basis that management has assessed the forfeiture rate to be zero.

All employees were made redundant during the current financial year leading to the forfeiting of the Employee Share Option Plan.

**Note 23. Share-based payments (continued)**

2016							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
27/05/2011	26/05/2016	\$0.742	630,000	-	-	(630,000)	-
28/11/2011	16/08/2017	\$0.329	400,000	-	-	(400,000)	-
09/03/2012	08/03/2017	\$0.280	8,000	-	-	(8,000)	-
03/10/2012	03/10/2017	\$0.555	110,000	-	-	(110,000)	-
14/03/2013	14/03/2018	\$0.337	4,180,000	-	-	(4,180,000)	-
30/08/2013	30/08/2018	\$0.594	1,552,500	-	-	(1,552,500)	-
11/11/2013	11/11/2016	\$0.588	600,000	-	-	(600,000)	-
11/11/2013	11/11/2017	\$0.715	764,000	-	-	(573,000)	191,000
11/11/2013	11/11/2017	\$0.337	468,166	-	-	(468,166)	-
09/09/2014	09/09/2019	\$0.879	200,000	-	-	(200,000)	-
09/09/2014	09/09/2019	\$0.879	200,000	-	-	(200,000)	-
09/09/2014	09/09/2019	\$0.879	200,000	-	-	(200,000)	-
06/01/2015	05/01/2020	\$0.250	400,000	-	-	(400,000)	-
			9,712,666	-	-	(9,521,666)	191,000

**Note 23. Share-based payments (continued)**

*Accounting policy for share-based payments*

The Company provides benefits to employees (including key management personnel and contractors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

The executive and staff incentive plan, which provides benefits to all employees; and

The employee share option plan, which provides benefits to all employees and directors

Details of the executive and staff incentive plan are set out in the Remuneration Report.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value measured at grant date takes into account market performance conditions only, and spread over the vesting period during which the employees becomes unconditionally entitled to the options.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Alchemia Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of: (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period. This opinion is formed based on the best available information at balance date.

Equity-settled awards granted by Alchemia Limited to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised in Alchemia Limited in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are settled.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture and the vesting conditions have not been met, any expense not yet recognised (i.e. unamortised) for that award, as at the date of forfeiture, is treated as if it had never been recognised. As a result, the expense recognised (i.e. amortised) on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Simon Gennari  
Non-Executive Chairman

22 August 2017

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## Independent Auditor's Report To the Members of Alchemia Ltd

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Alchemia 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 Alchemia 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 performance for the year ended on that date; 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 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. **We have determined that there are no key audit matters to communicate in our report.**

### Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and 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.

### 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 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 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.



## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 9 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Alchemia Ltd, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M A Cunningham  
Partner - Audit & Assurance

Melbourne, 22 August 2017

The shareholder information set out below was applicable as at 21 August 2017.

### Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	1,462
1,001 to 5,000	1,232
5,001 to 10,000	524
10,001 to 100,000	996
100,001 and over	264
	<hr/> 4,478 <hr/>
Holding less than a marketable parcel	<hr/> 4,073 <hr/>

### Equity security holders

#### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	Ordinary shares % of total shares issued
SHOMRON PTY LTD	39,426,777	12.14
AUST EXECUTOR TRUSTEES LTD	30,800,000	9.48
TTOR PTY LTD	16,069,996	4.95
ARMADA TRADING PTY LIMITED	12,919,974	3.98
PARKBAY CAPITAL PTY LTD	9,000,000	2.77
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,951,640	2.76
MR ADAM CASPAR SAUNDERS	8,750,000	2.69
JAGEN PTY LTD	8,233,954	2.54
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,429,093	2.29
LEKON GLOBAL PTY LTD	5,948,662	1.83
CALIFORNIA CAPITAL EQUITY LLC	5,854,719	1.80
MR HELMUT KRIKOWA	5,505,050	1.70
MR ANDREW RICHARD JACKSON BALL	5,018,115	1.55
MR WAYNE GEOFFREY PATERSON	4,300,000	1.32
MS LINLIN LI	4,000,000	1.23
PINWILLOW PTY LTD	3,759,100	1.16
MAXLEN NOMINEES PTY LTD	3,394,730	1.05
CITICORP NOMINEES PTY LIMITED	3,359,420	1.03
DR ROBERT JULIAN HAFNER	2,573,988	0.79
GOTHA STREET CAPITAL PTY LTD	2,500,000	0.77
	<hr/> 187,795,218 <hr/>	<hr/> 57.83 <hr/>

#### Unquoted equity securities

There are no unquoted equity securities.

**Substantial holders**

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Shomron Pty Ltd	39,426,777	12.14
Aust Executor Trustees Ltd	30,800,000	9.48

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

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.

There are no other classes of equity securities.