

## 1. Company details

Name of entity:	Alchemia Limited
ABN:	43 071 666 334
Reporting period:	For the year ended 30 June 2018
Previous period:	For the year ended 30 June 2017

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	74.7% to	8,244
Loss from ordinary activities after tax attributable to the owners of Alchemia Limited	down	31.0% to	(372,647)
Loss for the year attributable to the owners of Alchemia Limited	down	31.0% to	(372,647)

### 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 \$372,647 (30 June 2017: \$540,291).

### Operating results for the year

The financial year saw a \$191,961 reduction of operating expenses to \$380,891 (30 June 2017: \$572,852). This was mainly driven by a decrease in research and development activity, which resulted in a decrease in associated corporate costs such as life sciences insurance.

### Statement of Financial Position

Cash reserves have decreased by \$300,573 to \$1,620,290 during the year (30 June 2017: \$1,920,863), however the consolidated entity remains in a net asset position. The movement in cash has resulted in an overall decrease in net assets of \$372,647 to \$1,823,737.

### Corporate update

The Directors have reviewed a number of diverse investment opportunities during the year, that included by were not limited to the life sciences sector. Given the opportunities currently under review the Board is confident that a transaction is likely to occur in the near term.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.56	0.68

## 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.

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## 7. Dividend reinvestment plans

Not applicable.

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## 8. Details of associates and joint venture entities

Not applicable.

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## 9. Foreign entities

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

Not applicable.

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## 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.

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## 11. Attachments

### *Details of attachments (if any):*

The Annual Report of Alchemia Limited for the year ended 30 June 2018 is attached.

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## 12. Signed

Signed  \_\_\_\_\_

Simon Gennari  
Non-Executive Chairman

Date: 30 August 2018

## **Alchemia Limited**

**ABN 43 071 666 334**

## **Annual Report - 30 June 2018**

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Directors	Mr. Simon Gennari (Non-Executive Chairman) Mr. Darren Book (Non-Executive Director) Mr. Cameron Petricevic (Non-Executive Director)
Company secretary	Ms. Melanie Leydin
Registered office	Level 4, 100 Albert Road South Melbourne, VIC 3205 Ph: (03) 9692 7222
Principal place of business	Level 4, 100 Albert Road South Melbourne, VIC 3205 Ph: (03) 9692 7222
Share register	Link Market Services Level 13, Tower 4, 727 Collins Street, Melbourne, VIC 3000 Telephone: (03) 9067 2005 Email: <a href="mailto:registrars@linkmarketservices.com.au">registrars@linkmarketservices.com.au</a>
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 1, 727 Collins Street Melbourne VIC 3008
Stock exchange listing	Alchemia Limited shares are listed on the Australian Securities Exchange (ASX code: ACL)
Website	<a href="http://www.alchemia.net.au">www.alchemia.net.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 2018.

### **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. Darren Book (Non-Executive Director)  
Mr. David Lamm (Non-Executive Director) (resigned 6 June 2018)  
Mr. Cameron Petricevic (Non-Executive Director) (appointed 6 June 2018)

### **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 \$372,647 (30 June 2017: \$540,291).

#### *Operating results for the year*

The financial year saw a \$191,961 reduction of operating expenses to \$380,891 (30 June 2017: \$572,852). This was mainly driven by a decrease in research and development activity, which resulted in a decrease in associated corporate costs such as life sciences insurance.

#### *Statement of Financial Position*

Cash reserves have decreased by \$300,573 to \$1,620,290 during the year (30 June 2017: \$1,920,863), however the consolidated entity remains in a net asset position. The movement in cash has resulted in an overall decrease in net assets of \$372,647 to \$1,823,737.

#### *Corporate update*

The Directors have reviewed a number of diverse investment opportunities during the year, that included by were not limited to the life sciences sector. Given the opportunities currently under review the Board is confident that a transaction is likely to occur in the near term.

### **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 2018 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.

## Information on directors

Name:	Mr. Simon Gennari
Title:	Non-Executive Chairman
Experience and expertise:	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
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None
Name:	Mr. Darren Book
Title:	Non-Executive Director
Experience and expertise:	Mr Book has over 15 years' experience in business and corporate finance. He 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.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	743,341 Fully paid ordinary shares
Interests in options:	None
Name:	Mr. Cameron Petricevic (appointed 6 June 2018)
Title:	Non-Executive Director
Experience and expertise:	Mr Petricevic has over 15 years' experience within the finance industry primarily across the areas of investments, valuations and corporate finance. He joined Kentgrove Capital in late 2015 as a Partner focusing on investments and equity capital markets transactions. Previously, he spent almost 5 years at Acorn Capital as Portfolio Manager across private and public investments. Most notably prior to that, he spent time at AXA Asia Pacific Holdings as a Corporate Finance (Mergers/Acquisitions) manager. Cameron is also the founder and a Non-Executive Director of CommsChoice Group (ASX: CCG). Mr Petricevic holds a Bachelor of Commerce and a Bachelor of Engineering (Hons) from the University of Melbourne. He is also a Graduate of the Australian Institute of Company Directors (GAICD) and an actuary (AIAA).
Other current directorships:	CommsChoice Group Ltd (ASX: CCG)
Former directorships (last 3 years):	None
Interests in shares:	16,069,996 Fully paid ordinary shares
Interests in options:	None
Name:	Mr. David Lamm (resigned 6 June 2018)
Title:	Non-Executive Director
Experience and expertise:	During the time served on the Board of Alchemia Limited, Mr Lamm was the Managing Director and founder of Kentgrove Capital, an investment management firm with a focus on small and micro-cap Australian stocks. He was also the 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.
Interests in shares:	16,069,996 Fully paid ordinary shares (held on date of resignation)

'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, CA*

Ms Leydin has 25 years' experience in the accounting profession including 13 years in the Corporate Secretarial professions and is a company secretary and finance officer for a number of entities listed on the Australian Securities Exchange. She is a Chartered Accountant and a Registered Company Auditor. Since February 2000, she has been the principal of Leydin Freyer, specialising in outsourced company secretarial and financial duties.

### **Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board Attended	Held
Mr Simon Gennari	4	4
Mr David Lamm	4	4
Mr Darren Brook	4	4
Mr Cameron Petricevic	-	-

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*

There are currently no executives in the consolidated entity.

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

There are currently no individuals whose remuneration are directly linked to the performance of the consolidated entity.

#### *Voting and comments made at the company's 28 November 2017 Annual General Meeting ('AGM')*

The company received 94.98% of 'for' votes in relation to its remuneration report for the year ended 30 June 2017. 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)
- Cameron Petricevic (Non-Executive Director)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
<b>2018</b>							
<i>Non-Executive Directors:</i>							
Simon Gennari	34,375	-	-	-	-	-	34,375
David Lamm*	22,917	-	-	-	-	-	22,917
Darren Book	25,000	-	-	-	-	-	25,000
Cameron Petricevic**	2,083	-	-	-	-	-	2,083
	84,375	-	-	-	-	-	84,375

\* David Lamm resigned as Non-Executive Director on 6 June 2018.

\*\* Cameron Petricevic was appointed as Non-Executive Director on 6 June 2018.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Non-monetary \$	Other \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
<b>2017</b>							
<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
	90,393	-	-	-	-	-	90,393

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

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2018	2017	2018	2017	2018	2017
<i>Non-Executive Directors:</i>						
Simon Gennari	100%	100%	-	-	-	-
David Lamm	100%	100%	-	-	-	-
Darren Book	100%	100%	-	-	-	-
Nathan Drona	-	100%	-	-	-	-
Cameron Petricevic	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 2018.

#### 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 2018.

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 2018.

#### **Additional information**

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018 \$	2017 \$	2016 \$	2015 \$	2014 \$
Revenue	8,244	32,561	25,298,976	11,925,954	14,699
Net profit/(loss) before tax	(372,647)	(540,291)	22,077,497	(17,827,368)	(6,614)
Net profit/(loss) after tax	(372,647)	(540,291)	21,425,996	(15,815,244)	(6,924)

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

	2018	2017	2016	2015	2014
Share price at financial year start (\$)	0.008	0.010	0.037	0.510	0.320
Share price at financial year end (\$)	0.010	0.008	0.010	0.037	0.510
Basic earnings per share (cents per share)	(0.115)	(0.166)	6.600	(4.900)	(2.100)
Diluted earnings per share (cents per share)	(0.115)	(0.166)	6.600	(4.900)	(2.100)

#### **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>					
Darren Book	1,000,000	-	-	(256,659)	743,341
Cameron Petricevic*	-	-	16,069,996	-	16,069,996
David Lamm**	64,619,996	-	-	(48,550,000)	16,069,996
	65,619,996	-	16,069,996	(48,806,659)	32,883,333

\* Mr Petricevic was appointed on 6 June 2018. Additions represent his interest in shares on his appointment date.

\*\* Mr Lamm resigned on 6 June 2018. The balance at the end of the year represents his interest in shares on his resignation date.

***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 2018 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 13 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

30 August 2018

## 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 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the 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, 30 August 2018

**Alchemia Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2018**



	<b>Note</b>	<b>Consolidated 2018 \$</b>	<b>2017 \$</b>
<b>Revenue</b>	5	8,244	32,561
<b>Expenses</b>			
Employment expenses		(108,361)	(114,393)
Research and development costs		(14,430)	(65,919)
Administration and corporate expenses		<u>(258,100)</u>	<u>(392,540)</u>
<b>Loss before income tax expense</b>		(372,647)	(540,291)
Income tax expense	6	<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the year attributable to the owners of Alchemia Limited</b>		(372,647)	(540,291)
Other comprehensive income/(loss) for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income/(loss) for the year attributable to the owners of Alchemia Limited</b>		<u><u>(372,647)</u></u>	<u><u>(540,291)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	20	(0.115)	(0.166)
Diluted earnings/(loss) per share	20	(0.115)	(0.166)

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

	Note	Consolidated 2018 \$	2017 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	1,620,290	1,920,863
Trade and other receivables	8	8,724	84,756
Prepayments		75,927	71,961
Total current assets		<u>1,704,941</u>	<u>2,077,580</u>
<b>Non-current assets</b>			
Prepayments		178,300	205,185
Total non-current assets		<u>178,300</u>	<u>205,185</u>
<b>Total assets</b>		<u>1,883,241</u>	<u>2,282,765</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	59,504	86,381
Total current liabilities		<u>59,504</u>	<u>86,381</u>
<b>Total liabilities</b>		<u>59,504</u>	<u>86,381</u>
<b>Net assets</b>		<u>1,823,737</u>	<u>2,196,384</u>
<b>Equity</b>			
Issued capital	10	121,294,523	121,294,523
Accumulated losses		<u>(119,470,786)</u>	<u>(119,098,139)</u>
<b>Total equity</b>		<u>1,823,737</u>	<u>2,196,384</u>

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



	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
<b>Consolidated</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>
	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
<b>Consolidated</b>				
Balance at 1 July 2017	121,294,523	-	(119,098,139)	2,196,384
Loss after income tax expense for the year	-	-	(372,647)	(372,647)
Other comprehensive income/(loss) for the year, net of tax	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	(372,647)	(372,647)
Balance at 30 June 2018	<u>121,294,523</u>	<u>-</u>	<u>(119,470,786)</u>	<u>1,823,737</u>

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

Note	Consolidated	
	2018 \$	2017 \$
<b>Cash flows from operating activities</b>		
Receipts from grants & tax incentives	-	361,305
Payments to suppliers and employees	(385,779)	(346,920)
Other income received	76,962	22,333
Interest received	8,244	10,228
	<u>          </u>	<u>          </u>
Net cash from/(used in) operating activities	19 (300,573)	46,946
<b>Cash flows from investing activities</b>		
	<u>          </u>	<u>          </u>
Net cash from investing activities	-	-
<b>Cash flows from financing activities</b>		
	<u>          </u>	<u>          </u>
Net cash from financing activities	-	-
	<u>          </u>	<u>          </u>
Net increase/(decrease) in cash and cash equivalents	(300,573)	46,946
Cash and cash equivalents at the beginning of the financial year	1,920,863	1,873,917
	<u>          </u>	<u>          </u>
Cash and cash equivalents at the end of the financial year	7 <u>1,620,290</u>	<u>1,920,863</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 30 August 2018.

## 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 16.

### 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 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 the company are accounted for at cost in the parent entity less any impairment charges.

### **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.

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 2018. 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.

## Note 2. Significant accounting policies (continued)

### *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 consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption has been assessed as follows. The consolidated entity's financial instruments consist of cash and cash equivalents, trade and other receivables, and trade and other payables. These will continue to be measured at amortised cost. In relation to impairment requirements, using the ECL is not expected to change the determination of allowances. The Board believes adoption of this standard will not have a significant impact to the financial statements.

### *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 judgments 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 consolidated entity will adopt this standard from 1 July 2018, however does not expect the impact to be significant as the only revenue source is interest income.

## Note 2. Significant accounting policies (continued)

### AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity will adopt this standard from 1 July 2019, however does not expect the impact to be significant as the consolidated entity is not party to any operating lease arrangements.

## 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 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".

During the year the Company only operated in one segment, which is to review new opportunities with the aim of providing overall increase to shareholder value.

#### Note 5. Revenue

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Other income	-	22,333
Interest revenue	8,244	10,228
Revenue	<u>8,244</u>	<u>32,561</u>

##### *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.

**Note 6. Income tax**

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>		
Loss before income tax expense	(372,647)	(540,291)
Tax at the statutory tax rate of 27.5% (2017: 30%)	(102,478)	(162,087)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
R&D Grant income not assessable for Income tax Purposes	-	4,437
Research and Development	3,968	(9,861)
	(98,510)	(167,511)
Current year temporary differences not recognised	(14,983)	(316,287)
Utilisation of previously unrecognised tax losses	-	(6,899,348)
Unrecognised tax losses	113,493	7,383,146
Income tax benefit	-	-

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	107,345,589	99,317,391
Potential tax benefit @ 27.5% (2017: 30%)	29,520,037	29,795,217

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.

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Accrued expenses	6,600	6,710
Transaction costs arising on shares issued	-	23,870
Other (unrealised forex)	9,015	77,146
Total deferred tax assets not recognised	15,615	107,726

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.

*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.



## Note 6. Income tax (continued)

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.

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	64,718	333,523
Cash on deposit	1,555,572	1,587,340
	<u>1,620,290</u>	<u>1,920,863</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 consolidated entity, 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>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade receivables*	-	81,594
GST receivable	8,724	3,162
	<u>8,724</u>	<u>3,162</u>
	<u><u>8,724</u></u>	<u><u>84,756</u></u>

\* During the year the remaining trade receivables were settled in full.

*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 consolidated entity will not be able to collect the receivable

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Trade payables	29,921	64,016
Other payables	29,583	22,365
	<u>59,504</u>	<u>86,381</u>

Refer to note 11 for further information on financial instruments.

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.

*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 consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity 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**

	<b>Consolidated</b>			
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>324,723,621</u>	<u>324,723,621</u>	<u>121,294,523</u>	<u>121,294,523</u>

*Ordinary shares*

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

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

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

### *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.

The capital risk management policy remains unchanged from the 2017 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. Financial instruments**

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

The consolidated entity's activities expose it to financial risks such as 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. 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 and foreign exchange risks, ageing analysis for credit risk and maturity analysis in respect of liquidity risk.

### ***Credit risk***

#### *Cash and cash equivalents*

The cash and cash equivalents are held with an Australian major bank. The Board believes the consolidated entity is not exposed to significant credit risk.

#### *Trade and other receivables*

Credit risk on trade and other receivables is limited as the consolidated entity does not have any trading activities. The receivables as at 30 June 2018 relate to GST receivables.

### ***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.

## Note 11. Financial instruments (continued)

### Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2018</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	20,642	9,279	-	-	29,921
Other payables	-	29,583	-	-	-	29,583
Total non-derivatives		50,225	9,279	-	-	59,504
<b>Consolidated - 2017</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	50,794	13,222	-	-	64,016
Other payables	-	22,365	-	-	-	22,365
Total non-derivatives		73,159	13,222	-	-	86,381

### Fair value of financial instruments

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

## Note 12. 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>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	84,375	90,393

## Note 13. Remuneration of auditors

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

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Audit services - Grant Thornton Audit Pty Ltd	31,000	35,000
Audit or review of the financial statements		

#### Note 14. Contingent assets and liabilities

There are no other contingent assets or liabilities as at 30 June 2018 (30 June 2017: nil)

#### Note 15. Related party transactions

##### *Parent entity*

Alchemia Limited is the parent entity.

##### *Subsidiaries*

Interests in subsidiaries are set out in note 17.

##### *Key management personnel*

Disclosures relating to key management personnel are set out in note 12 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 16. Parent entity information

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

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

	2018 \$	2017 \$
Loss after income tax	(368,822)	(33,661)
Total comprehensive income/(loss)	(368,822)	(33,661)

##### *Statement of financial position*

	2018 \$	2017 \$
Total current assets	151,493	407,877
Total assets	329,793	613,062
Total current liabilities	138,096	52,544
Total liabilities	138,096	52,544
Equity		
Issued capital	121,294,523	121,294,523
Accumulated losses	(121,102,826)	(122,857,552)
Total equity	191,697	(1,563,029)

##### *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 2018 (30 June 2017: Nil)

**Note 16. Parent entity information (continued)**

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2018 (30 June 2017: Nil)

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 (30 June 2017: 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.

**Note 17. 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	
		2018 %	2017 %
Alchemia Oncology Pty Ltd	Australia	100%	100%
Audeo Discovery Pty Ltd	Australia	100%	100%

**Note 18. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2018 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 19. Reconciliation of loss after income tax to net cash from/(used in) operating activities**

	Consolidated	
	2018 \$	2017 \$
Loss after income tax expense for the year	(372,647)	(540,291)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	76,033	562,113
Decrease in prepayments	22,919	140,246
Decrease in trade and other payables	(26,878)	(115,122)
Net cash from/(used in) operating activities	<u>(300,573)</u>	<u>46,946</u>

**Note 20. Earnings per share**

	Consolidated	
	2018 \$	2017 \$
Loss after income tax attributable to the owners of Alchemia Limited	<u>(372,647)</u>	<u>(540,291)</u>
	Number	Number
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 20. Earnings per share (continued)**

	Cents	Cents
Basic earnings/(loss) per share	(0.115)	(0.166)
Diluted earnings/(loss) per share	(0.115)	(0.166)

*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 21. Share-based payments**

*Employee Share Option Plan*

An Employee Share Option Plan ('ESOP') has been established where the company may, at the discretion of the Board, grant options over its ordinary shares 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 consolidated entity at the date of exercise. The options cannot be transferred and will not be quoted on the ASX.

During the 2018 financial year, there were no 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)	-

*Accounting policy for share-based payments*

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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 2018 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

30 August 2018



# Independent Auditor's Report

## To the Members of Alchemia Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Alchemia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2018 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group 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/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.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 8 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Alchemia Limited, for the year ended 30 June 2018 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, 30 August 2018

The shareholder information set out below was applicable as at 15 August 2018.

### 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	1,458
1,001 to 5,000	1,178
5,001 to 10,000	493
10,001 to 100,000	959
100,001 and over	375
	<hr/> 4,463 <hr/>
Holding less than a marketable parcel	<hr/> 3,945 <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:

	Ordinary shares % of total shares issued
Number held	
SHOMRON PTY LTD	39,426,777 12.14
TTOR PTY LTD	16,069,996 4.95
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,697,086 3.60
MR ANDREW RICHARD JACKSON BALL	7,112,630 2.19
CALIFORNIA CAPITAL EQUITY LLC	5,854,719 1.80
MR JASON BRETT RANDALL	5,000,000 1.54
MR PAUL HOMEWOOD	5,000,000 1.54
MR RICK WILLIAM LANGDON	4,022,251 1.24
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,845,000 1.18
MS JUDITH ANNE HAYDON	3,804,013 1.17
MR ARJUNAN SUNDARAMOORTHY	3,600,000 1.11
MAXLEN NOMINEES PTY LTD	3,394,730 1.05
MR HELMUT KRIKOWA	3,005,050 0.93
MR KIAN JOOI PAK & MS JANET ROSEMARY PAK	3,000,000 0.92
TAMBORINE TREES PTY LTD	3,000,000 0.92
BNP PARIBAS NOMINEES PTY LTD	2,846,086 0.88
CAMPBELL KITCHENER HUME & ASSOCIATES PTY LTD	2,800,000 0.86
MR WAYNE GEOFFREY PATERSON	2,593,632 0.80
DR ROBERT JULIAN HAFNER	2,573,988 0.79
CAROJON PTY LTD	2,500,000 0.77
	<hr/> 131,145,958 40.38 <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

### 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.