



Annual Report

for the year ended 30 June 2018



Company Overview

Adherium (ASX:ADR) is a global leader in digital health technologies which address sub-optimal medication use in chronic diseases. Our Hailie™ solution (formerly known as Smartinhaler™ solution) is the world's most clinically supported asthma and COPD medication adherence solution, leading to improved health outcomes for patients with chronic respiratory disease.

Adherium has the broadest range of “smart” devices for respiratory medications globally. The Bluetooth® enabled Hailie™ sensors wrap around a patient's existing inhalers and automatically send usage data to their smartphone. Using the Hailie™ app enables patients, caregivers and healthcare professionals to track medication adherence, set daily reminders, and discover insights into their medication usage.

Table of Contents

Chairman's Statement	02
CEO's Report	03
Directors' Report (including Remuneration Report)	05
Auditor's Independence Declaration	20
Consolidated Statement of Profit or Loss and Other Comprehensive Income	22
Consolidated Statement of Financial Position	23
Consolidated Statement of Changes in Equity	24
Consolidated Statement of Cash Flows	25
Notes to the Consolidated Financial Statements	26
Directors' Declaration	45
Independent Auditor's Report	46
Australian Securities Exchange Additional Information	50

Chairman's Statement



Dear Shareholders

In last year's report I noted that the US market represents just under half of the world's healthcare spend, and so is critical to Adherium's future. It is also a market that has a unique structure as compared to many others around the world, and one in which Adherium's Hailie™ platform can make a real difference. With so many lives essentially covered privately by both insurers and self-insured corporates, there is a large opportunity to help these entities reduce treatment costs arising from non-adherence to prescribed medications. This is the basis of our direct-to-payor channel strategy.

Building on our Biopharmaceutical Partner business, through 2018 our CEO, Arik Anderson, has established the infrastructure in the US – including a commercial team, US FDA marketing approvals of Hailie™ sensors, and logistics – to launch commercially. This has culminated in the Company securing its first customer in this channel, Vitalus Health, who's network covers more than 40,000 patients. Adherium is well positioned to expand our US customer base and I look forward to reporting through this year on increasing numbers of subscribing patients on our Hailie™ platform.

We continue to appreciate the support of all shareholders. Through 2018 we held quarterly investor update calls and I encourage you as fellow shareholders to call in and attend these going forward to follow Adherium's growth.

Thomas Lynch
Non-executive Chairman

Adherium is well positioned to expand our US customer base and I look forward to reporting through this year on increasing numbers of subscribing patients on our Hailie™ platform.



CEO's Report



Dear fellow Shareholders

Adherium innovated a chronic disease management platform targeting avoidable treatment costs resulting from medication non-adherence. Our platform has been developed with a proprietary infrastructure to address global medication adherence. Today we are targeting the respiratory disease market, where more than 300 million people suffer from chronic asthma or COPD; in the future we expect to have other disease market opportunities, such as diabetes and heart disease attached to the platform that our research and development teams are currently working on.

Our Hailie™ respiratory solution is approved for use with the broadest range of medication inhalers enabling us to be part of more than 65 healthcare provider programs and over 130,000 of our regulatory cleared sensors sold to date. Importantly, data from our technology is being captured and utilized daily by patients, caregivers and physicians in the USA and 40 other countries across the world.

Fiscal 2018 has been a pivotal year for Adherium. A year ago, we communicated our fiscal year 2018 goals, which included launching our Hailie™ solution to U.S. consumers, and plans to continue leveraging our Biopharma relationships, in particular with AstraZeneca.

Our team achieved these goals and much more. On the financial front, we set a revenue target range of \$5.7 to \$7 million and a cash position greater than \$10 million at June 30, 2018. Our full fiscal year 2018 revenue was \$5.9 million and we ended the year with a cash balance of more than \$12 million.

Our Biopharmaceutical partnerships are a key component upon which our strategy of profit growth is built. We established this channel in 2015, beginning with a 10-year manufacturing and development agreement with AstraZeneca supporting our global expansion. For the full fiscal year 2018 our business with AstraZeneca was almost

50% ahead of last year as part of the growing commercial rollouts in Europe and Australia. We also saw additional strong clinical results published in peer reviewed journals that continue to support the significant benefits of medication adherence provided by our Hailie™ system.

Looking ahead, we are focusing our attention on driving global adoption of adherence solutions through demonstrating the healthcare economic benefits, particularly in the USA.

Importantly, during the year we received USA FDA 510(k) clearances for both prescription and over-the-counter use of our Hailie™ sensor system with a wide range of asthma inhalers. This enabled us to officially launch commercially in the USA at the end of fiscal 2018 through our direct-to-consumer and direct-to-payor channels.

During the year we received USA FDA 510(k) clearances for both prescription and over-the-counter use of our Hailie™ sensor system with a wide range of asthma inhalers.



The Hailie™ solution consists of FDA-approved Hailie™ sensors for different inhaler medications, Hailie™ app, and Hailie™ web portal.

Our new channels to market and growing network of potential partners reinforces our vision of maximizing our enterprise value by becoming THE global adherence company in Digital Health.

Partnerships with payors (typically health insurers and hospitals) and self-insured corporations are a key part of our growth strategy, and we have already secured a broad commercial relationship with Vitalus Health, a significant leader in specialty lung disease management programs that reduce chronic care costs through improved patient engagement and increased compliance. We are now rolling out our Hailie™ solution through Vitalus Health's network of lung specialists who engage with more than 40,000 patients in the south-west USA. Through fiscal 2019 we will also be focusing on other self-contained insurance systems where doctors are a part of the same system as the insurer, so everyone's incentives are aligned when the insurers save money. We are in active discussions with large self-insured employers. I'm particularly excited about these opportunities within this channel, as the self-insured companies are able to implement changes more quickly, and they've demonstrated a willingness to adopt new technology to save costs and improve employee health.

Across both the direct-to-consumer and direct-to-payor channels we expect to add at least 20,000 patients on a monthly subscription this coming fiscal year.

Building on the solid progress we made in fiscal 2018, I am confident that we are entering this next year in the strongest market position in our history. We are committed to the opportunities we see ahead in medication adherence and intend to focus on our growth and the execution with a strong leadership team. Our new channels to market and growing network of potential partners reinforces our vision of maximizing our enterprise value by becoming THE global adherence company in Digital Health collecting data to ensure proper patient use of medication, reducing costs of healthcare, enhancing comprehensive care, and improving the quality of patients' lives.



Arik Anderson
Group CEO

Partnerships with payors (typically health insurers and hospitals) and self-insured corporations are a key part of our growth strategy.



Directors' Report

The Directors present their report on the consolidated entity (**the Group**), consisting of Adherium Limited (**the Company or Adherium**) and the entities it controlled at the end of, or during, the year ended 30 June 2018, together with the independent auditor's report thereon.

Directors

The Directors of the Company at any time during the year and until the date of this report are:

Mr Thomas Lynch, BSc, FCA. Age 62.

Independent Non-Executive Chairman

Appointed as a Director and Chairman on 1 September 2016.

Mr Lynch has extensive capital markets experience in the internationalisation of the healthcare sector. He has recently stepped down as chair of Icon plc, one of the world's largest clinical research organisations having served on its board for 22 years. Mr Lynch is currently a Chairperson at several notable organisations, including Evofem Holdings, Evofem, Dublin Academic Medical Centre, Sigmoid Pharma, Molecular Medicine Ireland and the Queen's University of Belfast Foundation. Mr Lynch also serves as a non-executive director of GW Pharma plc, a biotechnology company listed on NASDAQ and AIM. In a pro-bono capacity, Mr Lynch serves as chair of the Ireland East Hospital Group, the largest hospital group in Ireland. Mr Lynch has also served in a range of roles at Elan Corporation plc and Amarin Corporation plc. Throughout his career, Mr Lynch has been involved in the listing of a number of companies on the NASDAQ market and brings significant international capital markets experience to Adherium. Mr Lynch has held no other Australian public company directorships in the last three years.

Mr Arik Anderson, BSc. Age 52.

Executive Director

Appointed as a Director on 29 November 2017.

Mr Anderson has 25 years of experience in the medical technology and medical device manufacturing industries and has led significant growth for emerging technology companies. He was previously President, Perfusion and Surgical Devices Division for Terumo Cardiovascular since 2011. Prior to this Mr Anderson was Senior Vice President, R&D and Operations and General Manager for Somanetics from 2007 until the completion of the integration with Covidien in 2011. Mr Anderson has also served as Director of Product Development at Delphi Medical Systems, a provider of technology and products to the infusion, respiratory care, vital signs monitoring and power mobility medical device markets. In addition, he was President and Chief Executive Officer of Tasso Solutions, a product development and manufacturing consulting firm. Mr Anderson retains Board positions on the University of Michigan Medical School MTRAC Board, which oversees investment in medical technology, and the University of Michigan Ross School of Business Zell Lurie Healthcare Board which oversees student investment in emerging technology via the Zell Lurie Commercialization Fund. Mr Anderson has held no other Australian public company directorships in the last three years.

Mr Jeremy Curnock Cook, MA. Age 69.

Non-Executive Director

Appointed as a Director on incorporation of Adherium Limited on 17 April 2015.

Mr Curnock Cook was formerly head of the life science private equity team at Rothschild Asset Management in the UK and an active investor in the Australian life science sector. At Rothschild, Mr Curnock Cook was responsible for the launch of the first dedicated biotechnology fund for the Australian market. Over his 40-year career, Mr Curnock Cook has specialised in creating value in emerging biotech enterprises, through active participation with management. He has served on over 40 boards in various roles, including chair of private and public biotechnology companies listed on NASDAQ, LSE, TSX and ASX. Mr Curnock Cook received his MA in Natural Sciences from Trinity College in Dublin, Ireland. He is currently Managing Director of BioScience Managers (manager of a major shareholder in Adherium), Chairperson of Avena Therapeutics and AmpliPhi Biosciences and sits on the board of Avita Medical, Rex Bionics Pty and acts as an alternative director for Sea Dragon Ltd. Mr Curnock Cook was previously a director of Bioxyne Limited and Phylogica Limited. He has held no other Australian public company directorships in the last three years.

Dr William Hunter, MD. Age 55.
Independent Non-Executive Director
Appointed as a Director on 17 December 2015.

Dr Hunter has extensive experience in commercialising medical device technologies. He co-founded Angiotech Pharmaceuticals in 1992 and assumed the position of CEO in 1997 when Angiotech was a venture-stage, private, pre-clinical company with less than 50 employees. He led Angiotech through its IPO and listing on the Toronto Stock Exchange and NASDAQ. Dr Hunter has over 200 patents and patent applications to his name and products in which he was an inventor or co-inventor, including the TAXUS® Drug-Eluting Coronary Stent, the Zilver PTX Peripheral Drug-Eluting Stent, the Quill barbed wound closure device and the 5-FU Anti-Infective Catheter. Combined, these products have generated revenues of over \$12 billion and have helped the lives of over 15 million patients globally. He is currently President and CEO of Cardiome Pharma Corp (NASDAQ: CRME), a Director of Rex Bionics, Co-Founder of Canary Medical and is an Industry Expert Advisor for BioScience Managers (manager of a major shareholder in Adherium). He has previously served as a director of Epirus Biopharmaceuticals (NASDAQ: EPRS) and Union Medtech. Dr Hunter completed his BSc from McGill University and a MSC and MD from the University of British Columbia. Dr Hunter served as a practising physician in British Columbia for five years. Dr Hunter held no other Australian public company directorships in the last three years.

As noted, as an Industry Expert Advisor for BioScience Managers, Dr Hunter has an association with a significant shareholder of the Company. The board of directors is of the opinion that this does not compromise Dr Hunter's independence as to the best of the board's knowledge he is not involved in decision making by BioScience Managers and the value of the advisory services provided is not material.

Mr Bruce McHarrie, B.Com, FCA, GAICD. Age 60.
Independent Non-Executive Director
Appointed as a Director on 20 July 2015.

Mr McHarrie is currently an independent director and consultant with over 20 years' experience in the health and life sciences sectors. He was formerly with Telethon Kids Institute in Perth, Western Australia, for 15 years, where his roles included Chief Financial Officer, Director of Operations and Director of Strategic Projects. Prior to joining Telethon Kids, Mr McHarrie was a Senior Manager at Deloitte in London before moving to Rothschild Asset Management as Assistant Director of the Bioscience Unit, a life sciences private equity group investing in early stage biotechnology and healthcare companies. Outside his role at Adherium, he is currently an advisor to BioScience Managers (manager of a major shareholder in Adherium), a director at AusCann (Australasian Medical Cannabis) and an independent consultant. Mr McHarrie is a Fellow of the Institute of Chartered Accountants Australia and New Zealand. He holds a Bachelor of Commerce from the University of Western Australia and is a graduate member of the Australian Institute of Company Directors. Until recently, Mr McHarrie served as a non-executive director and chairman on the board of ASX listed company, Phylogica Limited. Mr McHarrie has held no other Australian public company directorships in the last three years.

As noted, as an advisor to BioScience Managers, Mr McHarrie has an association with a significant shareholder of the Company. The board of directors is of the opinion that this does not compromise Mr McHarrie's independence as to the best of the board's knowledge he is not involved in decision making by BioScience Managers and the value of the advisory services provided is not material.

Professor John Mills, AO, SB, MD, FACP, FIDSA, FRACP. Age 78.
Independent Non-Executive Director
Appointed as a Director on 20 July 2015.

Professor Mills is an internationally-regarded physician, scientist and biotechnology businessman. He was recruited from the US to Melbourne 25 years ago as the managing director of the Burnet Institute of Medical Research and Public Health. Since then Professor Mills has been managing director of an ASX-listed company, Narhex Life Sciences, chairman of another ASX-listed company, AMRAD Corp., executive chairman of a Swedish biotechnology company, Cavid AB and non-executive director of a further ASX listed company, Phosphagenics Corp. Ltd. Thirteen years ago he co-founded a boutique anatomic pathology practice, TissuPath Specialist Pathology. Before taking his current position as Director of R&D at TissuPath, he served as Managing Director for three years. He is also a former investment committee member at an Australian venture capital firm, GBS Venture Partners. Professor Mills is an honours graduate of the University of Chicago and Harvard Medical School, and is a Fellow of both the US and Australian Colleges of Physicians. His expertise is in infectious diseases and pulmonary diseases. He maintains a clinical practice at The Alfred Hospital in Melbourne. Professor Mills has held no other Australian public company directorships in the last three years.

Mr Bryan Mogridge BSc, ONZM, FNZIOD. Age 72.

Independent Non-Executive Director

Appointed as a Director on 20 July 2015.

Mr Mogridge has been a successful public company director for over 30 years. He has been CEO of two listed companies and has a background in science, manufacturing, investment and technology. His business philosophy is to be invested where he is involved and grow value for all shareholders. Mr Mogridge is currently a director of Mainfreight, Clearspan, BUPA ANZ and Thinxtra, and until recently Chairperson of Rakon Ltd. He also recently joined as a director of Auckland Regional Amenities Funding Board. Mr Mogridge also has significant involvement in philanthropy, chairing one of New Zealand's most successful charities (The Starship Foundation) for 20 years, helping to transform sick children's lives through New Zealand's national children's hospital "The Starship". Mr Mogridge is currently a Trustee for The Starship Foundation. He has held no other Australian public company directorships in the last three years.

Mr Garth Sutherland, MSc was an Executive Director until his resignation as a director on 29 November 2017.

Joint Company Secretaries

Rob Turnbull, B.Com, CA. Age 51.

VP Finance & Business Services and Joint Company Secretary

Appointed 21 August 2015.

Mr Turnbull has over 25 years' corporate experience, starting his career with PricewaterhouseCoopers where he worked in Auckland, Toronto, and London; and has over 15 years' experience with technology and life-sciences companies. Mr Turnbull has also been Chief Financial Officer for an ASX-listed biotech company undertaking multiple international studies ranging from preclinical to clinical Phase 3, and with operations in the United States, Australia and New Zealand. In addition to capital markets financing and compliance, treasury, tax, financial reporting, commercial contract negotiations and general management, he has been involved in M&A activity to acquire and develop specific technologies. Mr Turnbull graduated from Auckland University with a Bachelor of Commerce, and is a Chartered Accountant and member of Chartered Accountants Australia and New Zealand.

Mark Licciardo, B.Bus (Acc), GradDip CSP, FCSA, FCIS, FAICD. Age 54.

Joint Company Secretary

Appointed 10 May 2016.

Mr Licciardo is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. Prior to establishing Mertons, Mr Licciardo was Company Secretary of the Transurban Group (2004-07) and Australian Foundation Investment Company Limited, Djerriwarrh Investments Limited, AMCIL Limited and Mirrabooka Investments Limited (1997-2004). Mr Licciardo has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mr Licciardo is a former Chairman of Governance Institute of Australia (GIA) (formerly the Chartered Secretaries Australia) in Victoria, a fellow of both GIA and the Australian Institute of Company Directors (AICD), former Chairman of Melbourne Fringe Limited and a director of ASX listed Frontier Digital Ventures and several unlisted public and private companies.

Directors' Meetings

The number of meetings of Directors (including meetings of committees of directors) held during the period and the number of meetings attended by each Director was as follows:

	Directors' Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
T Lynch	8	8	-	-	4	4
A Anderson	5	5	-	4*	-	1*
J Curnock Cook	8	6	2	2	4	4
W Hunter	8	8	-	-	-	-
B McHarrie	8	8	7	7	-	-
J Mills	8	6	7	6	4	3
B Mogridge	8	7	7	7	4	4
G Sutherland	4	4	-	-	-	-

*In attendance ex-officio.

Committees of the Board

The Company has established the following committees of the board, with membership in the year to 30 June 2018 as noted:

Committee	Membership
Audit & Risk	Bruce McHarrie (Chair), Non-Executive Director Jeremy Curnock Cook, Non-Executive Director (resigned September 2017) John Mills, Non-Executive Director Bryan Mogridge, Non-Executive Director
Nomination & Remuneration	Bryan Mogridge (Chair), Non-Executive Director Jeremy Curnock Cook, Non-Executive Director Thomas Lynch, Non-Executive Director John Mills, Non-Executive Director

The committees' Charters are available on the Company's website.

Principal Activities

During the year, the principal continuing activity of the Group was the development, manufacture and supply of its Hailie™ (formerly Smartinhaler™) digital health technologies which address sub-optimal medication use and improve health outcomes in chronic disease.

Results and Dividends

The net loss after tax of the Group for the year ended 30 June 2018 was \$9,338,000.

No dividends were paid, declared or recommended during the year ended 30 June 2018.

Review of Operations

Adherium is pleased to report achievement of all of its milestones set at the beginning of the 2018 fiscal year. Revenue this year was \$5.9 million, up 150% on 2017 and within guidance given of between \$5.7 million and \$7.0 million; 27,000 Hailie™ (previously known as SmartInhaler™) sensors were sold, with over 25,000 to AstraZeneca as forecasted; the Hailie™ solution was launched online in the United States in June 2018; and closing cash was \$12.1 million compared with the minimum of \$10 million forecasted.

The milestones were achieved across three strategic channels:

- BioPharma Partner volumes with AstraZeneca met guidance, at over 25,000 sensors. In addition, new device design, development and regulatory approval programs achieved the targets needed to support customer roll-outs, while at the same time generating significant revenue for the Company. Notably, Adherium gained two US FDA 510(k) clearances in the year for its Hailie™ sensor for use with AstraZeneca's Symbicort® asthma medication in the US, the most recent being over-the-counter (OTC) clearance to enable sales direct to consumers;
- The direct to consumer program commenced at the beginning of fiscal 2018 with the launch of the New Zealand pilot through an online eCommerce store. Vik Panda, VP of Marketing was hired in Q2, and further development of the online offering and OTC clearances culminated in the US online launch in June 2018 with a target of 1,000 subscribing customers within the first three months. Subscribing customers are anticipated to be acquired through a combination of online store, retailers, pharmacies and consumer product partners looking to add value to their products in the market place;
- For payers and providers, Adherium has the best supporting clinical outcome data in reducing hospitalisations due to poorly controlled asthma. To initiate this channel in the US, Tim Houchin, VP of Sales, was appointed in Q3 to focus on payers and providers and in Q4 announced its first program in this channel with Vitalus Health in the southwest region of the United States, targeting patients with chronic obstructive pulmonary disease (COPD) using Adherium's technology.

Revenue was up 150% on the prior year, at \$5,867,000. This increase resulted from:

- Sensor volume increasing from 18,000 in 2017 to over 27,000 in 2018. Commercial to clinical volume continued to increase from a ratio of 25:75 in the first half of fiscal 2017, to 95:5 in 2018, demonstrating a valuable shift in the Company's operations with less focus on clinical business, and significantly increased focus on commercial; and
- The commercialisation with AstraZeneca of innovative product design, engineering and other services which amounted to \$4,049,000 for the period.

Research and development activities for the year ended 30 June 2018 amounted to \$4,447,000 and included:

- Clearance in August 2017 by the US FDA of Adherium's 510(k) application for its SmartTouch™ for Symbicort®. This device has been designed for AstraZeneca's Symbicort® medication that is marketed in the US as a pressurised Metered Dose Inhaler (pMDI), as compared with the Turbuhaler marketed in most other countries in the world and for which Adherium supplies its SmartTurbo device, branded for AstraZeneca as Turbu+;
- Following the initial 510(k) clearance for SmartTouch™ for Symbicort® the Company submitted an application to extend this to over-the-counter (OTC) sales directly to consumers. This OTC clearance was received in March 2018, enabling support of AstraZeneca's Symbicort® medication sales in the US as well as Adherium's direct to consumer and payer initiatives;
- Adherium gained its US FDA 510(k) clearance for its SmartTouch™ device for GlaxoSmithKline (GSK) medications in 2014 and in fiscal 2018 submitted an application to extend this to an OTC clearance. This was received in July 2018, enabling the Company's Hailie™ solution to be sold to users of ProAir®, Ventolin® and Flovent® aerosol asthma inhalers;
- Ongoing development of our mobile apps (iOS and Android) and cloud software platform, enabling self-enrolment by patients, as well as developing an online portal for healthcare professionals and clinicians to provide patient-group data collection and reporting from Hailie™ sensors. This platform will support engagement between healthcare professionals and patients by enabling sharing and monitoring of patient inhaler usage; and
- Continued development of a new SmartTouch™ sensor (ADR ST19) for an inhaled respiratory drug currently in development and scheduled by the drug's owner for clinical trials in calendar 2018.

Sales and marketing expenses were \$3,687,000 for the year. Following a reorganisation at the end of fiscal 2017, the majority of sales and marketing activities are now based in the US where Adherium is headquartered in San Mateo, California. Milestones through the year include:

- Appointment of Vik Panda as Vice President of Marketing, with proven experience in direct to consumer online community growth through digital marketing;
- The addition of Tim Houchin as its Vice President of Sales, bringing over 20 years US sales experience, including key relationships with insurance carriers, and will be primarily responsible for Adherium's US direct to payer channel;
- Initiation of a program with Vitalus Health in the southwest region of the United States, targeting patients with chronic obstructive pulmonary disease (COPD) using Adherium's technology;
- Launch of Adherium's new Hailie™ global brand and solution, comprising the OTC-cleared Hailie™ sensors, the Hailie™ mobile app, and cloud platform to connect people with asthma and COPD to better care; and
- Launch of Adherium's online direct to consumer channel in both the US and New Zealand.

Administrative expenses of \$5,412,000 included the key hire, Arik Anderson, as Adherium's Chief Executive Officer based in the US, as well as recruitment of the US based Chief Financial Officer role, with David Allinson appointed in the second half of fiscal 2018. Non-cash costs in the six months included a share and option compensation credit of \$13,000 due to employee share plan reversals following the reorganisation completed during the first half of fiscal 2018 (2017: \$478,000 expense), and depreciation and amortisation expense of \$212,000 (2017: \$234,000).

Cash at 30 June 2018 was \$12,118,000, a net use of \$10,661,000 in the year. Included in this net use was \$408,000 invested in cash term deposits in the June 2018 quarter with a maturity greater than three months resulting in its classification as a short-term investment rather than cash under accounting rules.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the Group during the financial year ended 30 June 2018.

Events since the end of the Financial Year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs in future years.

Likely Developments and Expected Results

Commentary on the Group's strategic direction and plan is set out in the CEO's Report on pages 3 to 4.

Environmental Regulation

The Group's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

Directors' Interests

The relevant interest of each Director in shares and options over shares in the Company as notified by the Directors to the ASX in accordance with section 205G of the Corporations Act 2001 as at 30 June 2018 is:

Director	Ordinary Shares	Options over Ordinary Shares
T Lynch	1,000,000	-
A Anderson	1,500,000	-
J Curnock Cook	380,000	-
W Hunter	800,000	-
B McHarrie	464,853	-
J Mills	396,000	-
B Mogridge	9,856,105 *	-

* relevant interest includes 7,813,023 ordinary shares held in the Director's capacity as trustee of the Company's Employee Share Plan.

Indemnification and Insurance of Directors and Officers

The Company has entered into deeds of access, insurance and indemnity with each director and officer which contain rights of access to certain books and records of the Group for a period of seven years after the director or officer ceases to hold office. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

In respect of the indemnity of the directors and officers, the Company is required, pursuant to the constitution, to indemnify all directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, insurance and indemnity, the Company indemnifies parties against all liabilities to another person that may arise from their position as a director or an officer of the Company or its subsidiaries to the extent permitted by law. The deed stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

In respect of insurance being obtained on behalf of the directors and officers, the Company may arrange and maintain directors' and officers' insurance for its directors and officers to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must obtain such insurance during each director's and officer's period of office and for a period of seven years after a director or an officer ceases to hold office. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

Disclosure of the insurance premiums and the nature of liabilities covered by such insurance are prohibited by the relevant contracts of insurance.

Shares Under Option

Unissued shares

As at the date of this report, unissued ordinary shares of the Company under option comprised:

Exercise price	Total Number of Options	Vested Options	Expiry Date
\$0.075268	625,823	625,823	31 March 2019
\$0.075268	416,654	416,654	31 March 2020
\$0.134039	173,238	173,238	31 March 2020
\$0.134039	217,214	217,214	30 November 2020
\$0.134039	542,952	542,952	16 December 2020
\$0.134039	1,039,428	1,039,428	1 January 2021
\$0.134039	259,857	259,857	24 March 2021
\$0.134039	173,238	173,238	31 March 2022
\$0.665	1,400,000	1,400,000	3 September 2018
Outstanding at 30 June 2018	4,848,404	4,848,404	

The options over unissued ordinary shares do not entitle the holder to participate in any share issue of the Company or any entity in the Group.

No options were granted to the Directors of the Company or other key management personnel of the Group in the year to 30 June 2018.

Details of fully paid ordinary shares issued on exercise of options in the year to 30 June 2018 are contained in the accompanying consolidated financial statements.

Proceedings on behalf of the Company

There are no legal or other proceedings being made on behalf of the Company or against the Company as at the date of this report.

Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The fees paid to PricewaterhouseCoopers for other services set out in note 6 of the Group's financial statements for the year ended 30 June 2018 related to independent assurance services provided pursuant to the Group's claims for reimbursement under governmental research and development grant programmes. The directors are satisfied that the provision of these services during the year by the auditor did not impair the auditors' independence as the amounts paid were not significant and the services provided were assurance related.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Corporate Governance Statement

The board of Directors of Adherium Limited is responsible for corporate governance. The board has prepared the Corporate Governance Statement (CGS) in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on the Company's website.

Accordingly, a copy of the Company's CGS is available on the Adherium website at www.adherium.com under the Investors/Corporate Governance/Governance Documents section.

Remuneration Report (Audited)

The Directors present the Group's 2018 remuneration report which sets out the remuneration information for the Company's Non-Executive Directors, Executive Director and other key management personnel of the Group.

The report contains the following sections:

- (a) Details of key management personnel disclosed in this report
- (b) Remuneration governance
- (c) Executive remuneration policy and framework
- (d) Relationship between remuneration and Group performance
- (e) Non-Executive director remuneration policy
- (f) Details of remuneration of key management personnel
- (g) Service agreements
- (h) Details of share and option based compensation
- (i) Equity instruments held by key management personnel
- (j) Other transactions with key management personnel

(a) Details of key management personnel disclosed in this report

The following persons acted as key management personnel of the Company and the Group during the year ended 30 June 2018.

(i) Non-Executive and Executive Directors

- Thomas Lynch Non-Executive Chairman (appointed 1 September 2016)
- Arik Anderson Executive Director (appointed 29 November 2017) and Group CEO (appointed 9 June 2017)
- Jeremy Curnock Cook Non-Executive Director (appointed on incorporation 17 April 2015)
- William Hunter Non-Executive Director (appointed 17 December 2015)
- Bruce McHarrie Non-Executive Director (appointed 20 July 2015)
- John Mills Non-Executive Director (appointed 20 July 2015)
- Bryan Mogridge Non-Executive Director (appointed 20 July 2015)
- Garth Sutherland Executive Director (appointed 20 July 2015; resigned 29 November 2017) and Founder (Group CEO until 9 June 2017)

(ii) Other key management personnel

- David Allinson Chief Financial Officer (appointed 22 May 2018)
- Rob Turnbull Joint Company Secretary (appointed 21 August 2015) and VP Finance & Business Services (Chief Financial Officer until 11 September 2017)
- Mark Licciardo Joint Company Secretary (appointed 10 May 2016)
- Ross Bradding Chief Operating Officer (appointed 1 August 2016; resigned 31 August 2017)
- Timothy Marcotte Chief Financial Officer (appointed 11 September 2017; resigned 31 January 2018)

(iii) Changes since the end of the reporting period

In the period after 30 June 2018 and up to the date of this report there have been no changes in key management personnel.

(b) Remuneration Governance

The Nomination and Remuneration Committee is a committee of the board. Its responsibilities include assisting the board in ensuring that the Company:

- has coherent remuneration policies and practices which are observed and which enable it to attract and retain executives and directors who will create value for shareholders;
- fairly and responsibly rewards executives having regard to the performance of the Company, the performance of the executive and the general pay environment;
- provides disclosure in relation to the Company's remuneration policies to enable investors to understand the costs and benefits of those policies and the link between remuneration paid to directors and key executives and corporate performance; and
- complies with the provisions of the ASX Listing Rules and the Corporations Act.

The primary purpose of the Nomination and Remuneration Committee is to support and advise the board in fulfilling its responsibilities to shareholders in ensuring that the board is appropriately remunerated, structured and comprised of individuals who are best able to discharge the responsibilities of directors by:

- assessing the size, composition, diversity and skills required by the board to enable it to fulfil its responsibilities to shareholders, having regard to the Company's current and proposed scope of activities;
- assessing the extent to which the required knowledge, experience and skills are represented on the board;
- establishing processes for the identification of suitable candidates for appointment to the board;
- overseeing succession planning for the board and the Chief Executive Officer;
- establishing processes for the review of the performance of individual directors and the board as a whole;
- assessing the terms of appointment and remuneration arrangements for non-executive directors; and
- assessment and reporting to the board in relation to:
 - executive remuneration policy;
 - the remuneration of executive directors;
 - the remuneration of persons reporting directly to the Chief Executive Officer, and as appropriate, other executive directors;
 - diversity plans, measurable diversity objectives and ensuring equality in remuneration across gender aligned, where relevant, with the ASX Corporate Governance Guidelines;
 - the Company's recruitment, retention and termination policies and procedures;
 - superannuation arrangements; and
 - all equity-based plans.

(c) Executive remuneration policy and framework

Remuneration policy

The policy for determining the nature and amount of remuneration of key management personnel is agreed by the board of directors as a whole on advice from the Nomination and Remuneration Committee. The board obtains professional advice where necessary to ensure that the Group attracts and retains talented and motivated directors and employees who can enhance the performance of the Group through their contributions and leadership. The Nomination and Remuneration Committee makes specific recommendations on the remuneration package and other terms of employment for the CEO having regard to his performance, relevant comparative information, and if appropriate, independent expert advice.

For key management personnel, the Group provides a remuneration package that incorporates both cash-based remuneration and, if appropriate, share-based remuneration. The contracts for service between the Group and key management personnel are on a continuing basis, the terms of which are to align executive performance-based remuneration with Group objectives.

The Nomination and Remuneration Committee is also responsible for making recommendations to the board in relation to the terms of any issue of equity-based remuneration to employees, as part of their individual package, or a wider staff incentive and retention scheme, and for ensuring that any such issue is made in accordance with the ASX Listing Rules.

Executive pay

The executive pay and reward framework has three components:

- base pay and benefits, including legislative superannuation;
- short-term performance incentives; and
- long-term incentives through participation in the Adherium Employee Share Plans.

A combination of some or all of these components comprises an executive's total remuneration.

Base pay

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure that executive remuneration is competitive with the market.

There are no guaranteed base pay increases included in any executives' contracts.

Short-term incentives (STI)

Executives have a target STI opportunity depending on the accountabilities of the role and impact on the organisation. The STI is a cash-based incentive which forms part of the executive's total compensation, representing between 0% and 50% of base salary. Each year, the Nomination and Remuneration Committee in conjunction with the CEO, will consider the appropriate targets and key performance indicators (KPIs) of each executive to link the STI plan and the level of payout if targets are met. This will include setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI. The targets and KPIs selected are chosen to align executive performance with the Group's annual business objectives set by the board and encompassing business development, research & development, and cash management.

The STI achievement is calculated and paid annually. The Nomination and Remuneration Committee in conjunction with the CEO assesses the extent to which targets and KPIs have been achieved at a Company and individual performance level to determine the STI to be paid. Measurement of achievement of the business objectives does not involve comparison with factors external to the Company.

Long-term incentives (LTI)

Long-term incentives are provided to certain employees via the Adherium Employee Share Plans (the Plans), one of which is operated for New Zealand resident participants and the other for participants resident elsewhere.

The board has the discretion to offer and issue to eligible employees including directors:

- ordinary shares in the Company issued at an issue price determined by the board. To date all shares have been issued at the Company's initial public offering price of A\$0.50 per share;
- limited recourse loans where some or all of the issue price of the share awards are funded by way of a loan from the Company.

The Plans are designed to focus directors and executives on delivering long-term shareholder returns.

Share awards issued under the Plans generally vest in three equal tranches over three years of continuing employment. If the vesting condition is not met, the related share award is forfeited and loan cancelled such that the executive receives no benefit from unvested shares.

Participation in the Plans is at the board's discretion and executives do not have a contractual right to participate in the Plans.

(d) Relationship between remuneration and Group performance

The Group is presently in a business growth phase, as it undertakes continued product development, and seeks relevant regulatory approvals for its technologies and market penetration for its products, and this is the focus of executives and the board. During this phase expenditures continue to exceed revenues, and in the year ended 30 June 2018 the Group incurred a loss after tax of \$9,338,000 (5.4 cent loss per share). In the year to 30 June 2018 the Company's shares traded between 6.8 and 20.0 cents per share. Given the stage of the Group's commercial development, the board does not utilise earnings per share as a performance measure and does not presently include the Company's share price as a measure of executive performance.

No dividends were paid, declared or recommended during the period ended 30 June 2018.

(e) Non-Executive Director remuneration policy

On appointment to the board, Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Non-Executive Directors receive a fee which is inclusive of fees for chairing or participating on board committees. They do not receive performance-based pay. Non-Executive Directors' fees and payments are reviewed annually by the board. The Non-Executive Chairman's fees are determined independently of the fees of Non-Executive Directors based on comparative roles in the external market. Non-Executive Chairman and Director fees were approved at the 2016 Annual General Meeting at \$100,000 per annum for the Non-Executive Chairman (previously \$80,000 per annum) and \$50,000 for each Non-Executive Director (previously \$40,000 per annum). Legislative superannuation contributions are also paid where applicable.

A Non-Executive Director may be paid fees or other amounts as the board determines where a Director performs services outside the scope of the ordinary duties of a Director. The Company may reimburse Non-Executive Directors for their expenses properly incurred as a Director or in the course of office.

(f) Details of remuneration of key management personnel

Remuneration for the year ended 30 June 2018

	Short Term Benefits		Post Employment Benefits	
	Salaries & Fees \$	Cash Bonus \$	Insurance & Other \$	Superannuation \$
Directors' remuneration				
Thomas Lynch	100,000	-	-	-
Jeremy Curnock Cook	50,000	-	-	-
William Hunter	50,000	-	-	-
Bruce McHarrie	50,000	-	-	4,750
John Mills	50,000	-	-	4,750
Bryan Mogridge	50,000	-	-	-
Sub-total Directors	350,000	-	-	9,500
Executives' remuneration				
Arik Anderson	515,903	128,976	31,331	-
David Allinson ¹	42,992	-	-	-
Garth Sutherland	259,017	161,785	-	16,865
Mark Licciardo ²	43,372	-	-	-
Rob Turnbull	212,721	41,421	-	7,601
Ross Bradding ³	37,621	41,383	-	2,370
Timothy Marcotte ⁴	172,501	-	19,454	-
Sub-total executives	1,284,127	373,565	50,785	26,836
Total key management personnel	1,634,127	373,565	50,785	36,336

1. David Allinson was appointed Chief Financial Officer on 22 May 2018.
2. A company of which Mr Licciardo is a director received these fees from the Company for company secretarial and corporate governance consulting services.
3. Ross Bradding resigned as Chief Operating Officer on 31 August 2017. The value of Share-Based Payments represents the reversal related to the cancellation on resignation of Loan Funded Shares previously awarded under the Employee Share Plan.

Remuneration for the year ended 30 June 2017

	Short Term Benefit		Post Employment Benefits	
	Salaries & Fees \$	Cash Bonus \$	Insurance & Other \$	Superannuation \$
Directors' remuneration				
Thomas Lynch ¹	80,000	-	-	-
Jeremy Curnock Cook	46,667	-	-	-
William Hunter	46,667	-	-	-
Bruce McHarrie	46,667	-	-	4,196
John Mills	46,667	-	-	4,196
Bryan Mogridge	46,667	-	-	-
Doug Wilson ¹	13,333	-	-	-
Sub-total Directors	326,668	-	-	8,392
Executives' remuneration				
Arik Anderson ²	44,181	-	-	-
Garth Sutherland ²	264,474	79,342	-	14,047
Ross Bradding ³	212,130	-	-	6,364
Mark Licciardo ⁴	44,628	-	-	-
Rob Turnbull	207,801	49,983	-	7,796
Sub-total executives	773,214	129,325	-	28,207
Total key management personnel	1,099,882	129,325	-	36,599

1. Doug Wilson resigned 1 September 2016. At that time Thomas Lynch was appointed a Director and Chairman.
2. Arik Anderson joined Adherium as Chief Executive Officer on 8 June 2017. At that time, former Chief Executive Officer, Garth Sutherland, transitioned to the role of Founder.
3. Ross Bradding joined Adherium as Chief Operating Officer on 1 August 2016.

Share-based Payments

Value of Options/ Loan Funded Shares ⁵ \$	Total \$	Performance Related Remuneration \$	Fixed Remuneration \$
12,375	112,375	11%	89%
6,188	56,188	11%	89%
6,188	56,188	11%	89%
6,188	60,938	10%	90%
6,188	60,938	10%	90%
6,188	56,188	11%	89%
43,315	402,815		
7,810	684,020	20%	80%
492	43,484	1%	99%
24,069	461,736	40%	60%
-	43,372	-	100%
12,241	273,984	20%	80%
(21,652)	59,722	33%	67%
-	191,955	-	100%
22,960	1,758,273		
66,275	2,161,088		

4. Timothy Marcotte was appointed Chief Financial Officer 11 September 2017 and resigned 31 January 2018.
5. The fair values of options and loan funded shares are calculated at the date of grant using a Black-Scholes pricing model and allocated to each reporting period in accordance with vesting. The values noted represent the portion of the fair value of the options or loan funded shares allocated to the reporting period.

Share-based Payments

Value of Options/ Loan Funded Shares ⁵ \$	Total \$	Performance Related Remuneration \$	Fixed Remuneration \$
12,200	92,200	13%	87%
6,100	52,767	12%	88%
6,100	52,767	12%	88%
6,100	56,963	11%	89%
6,100	56,963	11%	89%
6,100	52,767	12%	88%
-	13,333	-	100%
42,700	377,760		
-	44,181	-	100%
19,165	377,028	26%	74%
21,652	240,146	9%	91%
-	44,628	-	100%
27,125	292,705	26%	74%
67,942	998,688		
110,642	1,376,448		

4. A company of which Mr Licciardo is a director received these fees from the Company for company secretarial and corporate governance consulting services.
5. The fair values of options and loan funded shares are calculated at the date of grant using a Black-Scholes pricing model and allocated to each reporting period in accordance with vesting. The values noted represent the portion of the fair value of the options or loan funded shares allocated to the reporting period.

(g) Service agreements

Joint Company Secretary - Mr Mark Licciardo

Mr Licciardo currently provides company secretarial and corporate governance services under a service arrangement between the Company and Merton Corporate Services Pty Ltd, a company associated with Mr Licciardo. The current arrangement has no predetermined termination date, with each party having the right to terminate the arrangement by giving ninety days' notice in writing to the other party.

Other key management personnel of the Group

Remuneration and other terms of employment for other key management personnel of the Group are formalised in employment agreements which specify the components of remuneration, benefits and notice periods. Participation in the STI and LTI plans is subject to the board's discretion. Other major provisions of the agreements relating to remuneration are set out below:

Name	Term of Agreement	Notice Period	Base Salary ²	Termination Payments ³
Arik Anderson, Group Chief Executive Officer	No fixed term	1 month by Company; 3 months by executive	US\$400,000	6 months
David Allinson, Chief Financial Officer	No fixed term	Nil ¹	NZ\$300,000	Nil
Garth Sutherland, Founder	No fixed term	3 months ¹	NZ\$280,000	6 months
Rob Turnbull, VP Finance & Business Services (Chief Financial Officer until 11 September 2017)	No fixed term	2 months ¹	NZ\$230,000	2 months

1. The notice period applies without cause equally to either party unless otherwise stated.
2. Base salaries quoted are annual as at 30 June 2018; they are reviewed annually by the Nomination and Remuneration Committee.
3. Base salary payable if the Group terminates employees with notice, and without cause (e.g. for reasons other than unsatisfactory performance).

(h) Details of share and option based compensation

Options over ordinary shares of the Company

All options over ordinary shares issued by the Company are exercisable on a one-for-one basis, and any shares issued on exercise are fully paid and rank pari passu with existing ordinary shares.

During the period to 30 June 2018 and to the date of this report:

- 519,714 options over ordinary shares were exercised by Garth Sutherland. The options had a value of \$41,438 at the time of exercise.

Loan funded Employee Share Plan

The board has established the loan funded Adherium Employee Share Plans (Plans). Offers of allocations under the plans were made to, and acceptances received from, key management personnel during the year ended 30 June 2018 as follows:

Name	Grant date	Number of shares	Loan funded purchase price at \$0.50 per share	Loan maturity date	Fair value of award
Arik Anderson	8 November 2017	1,500,000	\$750,000	8 November 2022	\$12,455
Tim Marcotte ¹	8 November 2017	600,000	\$300,000	8 November 2022	\$1,265
David Allinson	1 June 2018	600,000	\$300,000	1 June 2023	\$10,129

1. This award was cancelled following Timothy Marcotte's resignation on 31 January 2018.

All awards vest one third annually over three years of continued employment from the grant date. After vesting the participant may take title to the shares by repaying to the Company the proportion of the loan related to those shares.

The fair value of the awards of loan funded shares are calculated at the date of grant using a Black-Scholes pricing model, which are being allocated over the vesting periods as share based compensation.

(i) Equity instruments held by key management personnel

Shareholdings

The numbers of ordinary shares in the Company held during the year to 30 June 2018 by each director and other key management personnel of the Group, including their personally related parties, are set out below:

Name	Balance at the start of the year	Purchases	Other changes during the period	Balance at the end of the year
Thomas Lynch	600,000	400,000 ¹	-	1,000,000
Jeremy Curnock Cook	380,000	-	-	380,000
William Hunter	300,000	500,000 ¹	-	800,000
Bruce McHarrie	300,000	164,853 ¹	-	464,853
John Mills	340,000	56,000 ¹	-	396,000
Bryan Mogridge	9,613,023	243,082 ¹	-	9,856,105 ²
Arik Anderson	-	-	1,500,000 ³	1,500,000
David Allinson	-	-	600,000 ³	600,000
Garth Sutherland	11,869,055	-	519,714 ⁴	12,388,769
Ross Bradding	459,145	-	(459,145) ⁵	-
Mark Licciardo	-	-	-	-
Rob Turnbull ²	559,645	-	-	559,645

1. On-market purchase.

2. Ordinary shares held jointly with the VP Finance & Business Services in their capacity as trustees of the Company's Employee Share Plan. At 30 June 2018 7,813,023 ordinary shares were held in this capacity.

3. Award of loan funded shares under the Company's Employee Share Plan.

4. Exercise of options to acquire ordinary shares.

5. Cancellation on resignation of loan funded shares previously awarded under the Company's Employee Share Plan.

(j) Other transactions with key management personnel

There were no other transactions with Directors or other key management personnel.

End of audited Remuneration Report.



Thomas Lynch
Non-Executive Chairman

Sydney

28 September 2018

Auditor's Independence Declaration



Auditor's Independence Declaration

As lead auditor for the audit of Adherium 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.

This declaration is in respect of Adherium Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'SW'.

Scott Walsh
Partner
PricewaterhouseCoopers

Sydney
28 September 2018

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Financial Statements

Consolidated Statement of Profit
or Loss and Other Comprehensive Income

Consolidated Statement of Financial Position

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	June 2018 \$000	June 2017 \$000
Continuing Operations			
Sales	5	5,867	2,347
Cost of sales		(1,099)	(1,186)
Gross profit		4,768	1,161
Grants income	5	503	409
Manufacturing support		(1,364)	(1,179)
Research and development costs		(4,447)	(4,242)
Sales and marketing costs		(3,687)	(3,312)
Administrative expenses		(5,412)	(6,260)
Operating loss		(9,639)	(13,423)
Interest income	5	301	613
Interest expense		-	-
Finance income (cost) - net		301	613
Loss before income tax		(9,338)	(12,810)
Income tax expense	7	-	-
Loss for the period attributable to equity holders		(9,338)	(12,810)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss when certain conditions are met: Foreign exchange differences on translation of foreign operation		(615)	22
Other comprehensive income for the period, net of tax		(615)	22
Total comprehensive loss for the period		(9,953)	(12,788)
Total comprehensive loss attributable to:			
Equity holders of Adherium Limited		(9,953)	(12,788)
Basic and diluted loss per share	8	(5.4) cents	(7.6) cents

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position as at 30 June 2018

	Notes	June 2018 \$000	June 2017 \$000
ASSETS			
Current assets			
Cash and cash equivalents	9	12,118	22,779
Short term cash investments		427	-
Trade and other receivables	10	1,205	826
Inventories	11	509	726
Prepayments		281	78
Total current assets		14,540	24,409
Non-current assets			
Property, plant and equipment	12	515	417
Intangible assets	13	266	265
Total assets		15,321	25,091
LIABILITIES			
Current liabilities			
Trade and other payables	14	2,511	2,382
Income received in advance		-	4
Total current liabilities		2,511	2,386
EQUITY			
Share capital	15	74,349	74,278
Accumulated deficit		(35,158)	(25,820)
Other reserves		(26,381)	(25,753)
Total equity		12,810	22,705
Total liabilities & equity		15,321	25,091

The accompanying notes form part of the financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2018

	Share Capital \$000	Accumulated Deficit \$000	Share & Option Compensation Reserve \$000	Foreign Currency Translation Reserve \$000	Merger Reserve \$000	Total Equity \$000
Equity as at 1 July 2016	66,720	(13,010)	632	650	(27,535)	27,457
Loss for the period	-	(12,810)	-	-	-	(12,810)
Other comprehensive income	-	-	-	22	-	22
Total comprehensive loss	-	(12,810)	-	22	-	(12,788)
<i>Transactions with owners:</i>						
Ordinary shares issued	8,023	-	-	-	-	8,023
Share issue costs	(511)	-	-	-	-	(511)
Shares issued on option exercise	46	-	-	-	-	46
Share and option grants for services	-	-	478	-	-	478
Equity as at 30 June 2017	74,278	(25,820)	1,110	672	(27,535)	22,705
Loss for the period	-	(9,338)	-	-	-	(9,338)
Other comprehensive income	-	-	-	(615)	-	(615)
Total comprehensive loss	-	(9,338)	-	(615)	-	(9,953)
<i>Transactions with owners:</i>						
Shares issued on option exercise	71	-	-	-	-	71
Share and option grants for services	-	-	(13)	-	-	(13)
Equity as at 30 June 2018	74,349	(35,158)	1,097	57	(27,535)	12,810

The accompanying notes form part of the financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2018

	Notes	June 2018 \$000	June 2017 \$000
Cash flows from operating activities:			
Receipts from customers		5,363	2,363
Receipts from grants		570	506
Interest received		299	601
Resident withholding tax refunded (paid)		15	(9)
Payments to employees		(8,014)	(6,333)
Payments to suppliers		(8,057)	(8,709)
Net cash provided from (used in) operating activities		(9,824)	(11,581)
Cash flows from investing activities:			
Purchase of short term cash investments		(408)	-
Purchase of property, plant and equipment		(325)	(362)
Purchase of software		(169)	(202)
Net cash used in investing activities		(902)	(564)
Cash flows from financing activities:			
Proceeds from the issue of shares	15	-	8,023
Proceeds from the exercise of options	15	71	46
Payment of capital raising costs		-	(511)
Net cash provided from financing activities		71	7,558
Net increase (decrease) in cash		(10,655)	(4,587)
Cash at the beginning of the year		22,779	27,211
Effect of exchange rate changes on cash balances		(6)	155
Cash at the end of the year	9	12,118	22,779
Reconciliation with loss after income tax:			
Loss after income tax		(9,338)	(12,810)
Non-cash items requiring adjustment:			
Depreciation of property, plant and equipment	12	212	234
Amortisation of intangible assets	13	98	36
Share and option compensation expense		(13)	478
Foreign exchange (gain)		(633)	(74)
Changes in working capital:			
Trade and other receivables		(582)	80
Inventories		185	(303)
Trade and other payables		251	875
Income received in advance		(4)	(97)
Net cash provided from (used in) operating activities		(9,824)	(11,581)

The accompanying notes form part of the financial statements.

Notes to the financial statements for the year ended 30 June 2018

1. General Information

Adherium Limited (the Company or Adherium) is a company domiciled in Australia. The address of the Company's registered office is Collins Square, Tower Four, Level 18, 727 Collins Street, Melbourne, VIC 3008. The consolidated financial statements of the Company as at and for the year ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities). The Group is a for-profit entity and primarily develops, manufactures and supplies digital health technologies which address sub-optimal medication use and improve health outcomes in chronic disease.

The separate financial statements of the parent entity, Adherium Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The consolidated financial statements were authorised for issue by the Board on 28 September 2018. The Board has the power to amend and reissue the consolidated financial statements.

2. Basis of Presentation

This general purpose consolidated financial report for the twelve months ended 30 June 2018 has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001.

The consolidated financial statements have been prepared on a going concern basis, meaning the Group has the intention to continue its business for the foreseeable future.

As of June 30, 2018, the Group had net cash of \$12,118,000 (2017: \$22,779,000) and recorded a loss before tax of \$9,338,000 (2017: 12,810,000) and operating cash outflows of \$9,824,000 (2017: \$11,581,000) for the year then ended.

The Directors have approved forecasts that indicate the Group can manage its operating requirements beyond 12 months from the date of authorization of these financial statements. The directors considered the achievability of the assumptions underlying the forecast, and as with any forecast, there are uncertainties within the assumptions required to meet the Group's expectations. Whether the Group can:

- continue to raise additional capital until the company is supported by cash flows from operations;
- secure sufficient cash flows from new revenue streams; and
- execute plans to reduce costs,

represent material uncertainties that cast significant doubt over the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Despite these uncertainties, the Directors are of the view that the company will be successful in the above matters and accordingly have adopted the going concern basis for the preparation of the financial report.

(a) Compliance with International Financial Reporting Standards

These consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention as modified by certain policies below.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of non-current assets

The Company reviews annually whether any property, plant and equipment have suffered any impairment in accordance with the accounting policy stated in note 3.10. In making this assessment, the extent of the likely future use of these assets is required to be estimated in determining if their value is impaired at the balance sheet date. The Company evaluates indicators of impairment, including expected future demand for devices, in relation to each type of asset at the balance sheet date.

(ii) Recognition of deferred tax assets

As at 30 June 2018, the Company has not recognised as an asset tax losses which could be offset against future taxable profits. These tax losses would only be recognised to the extent that it is expected that there will be future taxable profits and such losses will be available in the future (after shareholder continuity tests) to offset those future taxable profits. The Company has considered its future expected profitability and shareholder continuity and has concluded that sufficient certainty does not yet exist to recognise these tax losses as an asset.

(e) Rounding of amounts

The Company has applied the relief available to it under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. Accordingly, amounts in the consolidated financial statements and Directors' Report have been rounded to the nearest \$1,000.

3. Summary of significant accounting policies

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

3.1 Principles of consolidation:

The consolidated financial statements incorporate all of the assets, liabilities and results of Adherium Limited and all subsidiaries. Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. A list of the subsidiaries is provided in note 20. All intercompany transactions are eliminated. The assets and liabilities of Group companies whose functional currency is not Australian dollars are translated into Australian dollars at the period-end exchange rate. The revenue and expenses of these companies are translated into Australian dollars at rates approximating those at the dates of the transactions. Exchange differences arising on this translation are recognised in the foreign currency translation reserve. On disposal or partial disposal of an entity, the related exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

3.2 Segment Reporting

The Company has considered the requirements for segmental reporting as set out in AASB 8: *Operating Segments*. The standard requires that operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer. The Company has determined that one segment exists for the Company's Hailie™ (formerly known as Smartinhaler™) business.

3.3 Foreign currency translation

(a) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(b) Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency is translated as follows:

- Assets and liabilities are translated at period end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

3.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. Amounts received from customers in accordance with contractual sales terms before these revenue recognition criteria are met are deferred and recorded as Income Received in Advance until such time as the criteria for recognition as revenue are met.

(a) Sales of devices

The Company manufactures and sells a range of inhaled medication monitoring devices and related equipment. Sales of products are recognised when they have been delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied. No element of financing is deemed present as the sales are made with a credit term of 30-60 days.

(b) Sales of licences and subscriptions to software

The Company sells licences and subscriptions to its device customers to enable access to data collected by purchased devices. Revenue is recognised in the accounting period to which the licence or subscription relates.

(c) Grants

Grants received for research and development are recognised in the Statement of Comprehensive Income when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

(d) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

3.5 Research and development

Research costs include direct and directly attributable overhead expenses for product invention and design. Research costs are expensed as incurred.

When a project reaches the stage where it is reasonably certain that future expenditure can be recovered through the process or products produced, development expenditure is recognised as a development asset within Intangible Assets when:

- a product or process is clearly defined and the costs attributable to the product or process can be identified separately and measured reliably;
- the technical feasibility of the product or process can be demonstrated;
- the existence of a market for the product or process can be demonstrated and the Company intends to produce and market the product or process;
- adequate resources exist, or their availability can be reasonably demonstrated to complete the project and market the product or process.

In such cases the asset is amortised from the commencement of commercial production of the product to which it relates on a straight-line basis over the years of expected benefit. Research and development costs are otherwise expensed as incurred.

3.6 Employee benefits

(a) Wages, salaries and annual leave

Liabilities for wages and salaries, bonuses and annual leave expected to be settled within 12 months of the reporting date are recognised in accrued liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(b) Share-based payments

The Company operates equity-settled share and option plans and awards certain employees, directors and consultants shares and options, from time to time, on a discretionary basis. The fair value of the services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in the share and option compensation reserve over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options at grant date. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest and become exercisable. It recognises the impact of the revision of original estimates, if any, in the Statement of Comprehensive Income, and a corresponding adjustment to equity over the remaining vesting period.

3.7 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

3.8 Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company generated taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

3.9 Goods and Services Tax (GST)

The Statement of Comprehensive Income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

3.10 Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The carrying amount of an asset is considered impaired when its recoverable amount is less than its carrying value. In that event, a loss is recognised in the the Statement of Profit & Loss and Other Income based on the amount by which the carrying amount exceeds the recoverable amount.

3.11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities 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.

3.12 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

3.13 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.14 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairments recognised. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation is determined principally using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Manufacturing tooling equipment	4 years
Computer equipment	2 years
Office furniture, fixtures & fittings	4 years

3.15 Intangible assets

(a) *Intellectual property*

Costs in relation to protection and maintenance of intellectual property are expensed as incurred.

Acquired patents, trademarks and licences have finite useful lives and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost over the anticipated useful lives, which are aligned with the unexpired patent term or agreement over trademarks and licences.

(b) *Acquired software*

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (two to three years).

3.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are deferred until the issue of the shares or options, and then shown in equity as a deduction, net of tax, from the proceeds.

3.18 Financial assets

(a) Financial assets recognised in the Statement of Financial Position include cash and cash equivalents, and trade and other receivables. The Company believes that the amounts reported for financial assets approximate fair value.

(b) *Financial assets: Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Company's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the Statement of Financial Position. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

3.19 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

3.20 Comparative Information

Where necessary, certain comparative information has been reclassified in order to provide a more appropriate basis for comparison.

3.21 New Accounting Standards for application in future periods

The following standards have been issued but are not yet effective and have not yet been adopted:

AASB 9 Financial instruments

AASB 9 Financial instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces all previous versions of AASB 9 and completes the project to replace IAS 39 that relates to the classification and measurement of financial instruments. AASB 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no material changes to classification and measurement. AASB 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company will adopt this standard from 1 July 2018 but it will not have a material impact on the Company.

AASB 15 Revenue from contracts with customers

AASB 15 is effective for periods commencing on or after 1 January 2018. The standard addresses recognition of revenue from contracts with customers and sets out a five step model for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in way that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company will apply this standard from 1 July 2018. Initial assessment of existing contracts has not indicated any material change to recognition of revenue. The Group's treatment for customer contract arrangements will be assessed as new revenue generating contracts are entered into.

AASB 16 Leases

AASB 16 replaces the AASB 117 Leases. Under AASB 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under AASB 117, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). AASB 16 will require a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. The standard is effective for accounting periods beginning on or after 1 January 2019. The Company intends to apply this standard from 1 July 2019 and has yet to assess its full impact.

There are no other standards, amendments, or interpretations to existing standards that have been issued and yet to be adopted by the Company that are likely to have a material impact on the financial statements.

4. Segment Information

The chief operating decision maker is the Chief Executive Officer, who reviews financial information for the Company as a whole. The information reviewed is prepared in the same format as included in the financial statements. The Company has therefore determined that one reportable segment exists for the Company's Hailie™ business.

(a) Geographic segment information

The Company operates predominantly from New Zealand, with some manufacturing also undertaken by suppliers in Asia at which the Company locates equipment and tools:

Domicile of non-current assets	June 2018 \$000	June 2017 \$000
New Zealand and Australia	386	546
South-East Asian Countries	123	111
Other Countries	272	25
	<u>781</u>	<u>682</u>

The Company sells its products and services domestically and internationally. Revenues by customer region of domicile are:

Location of customer sales	June 2018 \$000	June 2017 \$000
New Zealand and Australia	109	462
Europe	5,708	1,829
North America	50	56
	<u>5,867</u>	<u>2,347</u>

b) Major customers

Revenues are derived from major external customers as follows:

Major customers	June 2018 \$000	June 2017 \$000
Customer A group entities	5,621	1,762
Customer B group entities	11	303

5. Revenue

Income from continuing operations:	June 2018 \$000	June 2017 \$000
Device sales and monitoring services	1,818	2,347
New product design and engineering services	4,049	-
Grant income	503	409
Interest income	301	613
	<u>6,671</u>	<u>3,369</u>

6. Expenses

Loss before income tax includes the following specific expenses:	June 2018 \$000	June 2017 \$000
Fees paid to PricewaterhouseCoopers for:		
Audit of the financial statements	87	-
Fees paid to related practices of PricewaterhouseCoopers:		
- Fees in respect of grant review and interim report review	54	131
Total fees to PricewaterhouseCoopers	<u>141</u>	<u>131</u>
Depreciation and amortisation	310	270
Directors' remuneration		
- Fees	360	335
- Share based compensation	43	43
Total Directors' remuneration	<u>403</u>	<u>378</u>
Employee benefits expense		
- Wages and salaries	8,315	6,787
- Share based compensation	(56)	416
Total employee benefits expense	<u>8,259</u>	<u>7,203</u>
Foreign exchange (gain) loss	(633)	(74)
Operating lease costs	465	459

7. Income tax

	June 2018 \$000	June 2017 \$000
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
<i>Numerical reconciliation of income tax expense to prima facie tax payable (receivable):</i>		
Loss before income tax	(9,338)	(12,810)
Tax calculated at domestic tax rates	(3,076)	(3,697)
Tax effects of:		
Expenses not deductible for tax purposes	(10)	139
Under (over) provision in prior year	(25)	(84)
Deferred tax assets not recognised (note 16)	3,111	3,642
Income tax expense	-	-

The weighted average applicable tax rate was 33% (2017: 29%).

8. Earnings per share

Basic loss per share is based upon the weighted average number of outstanding ordinary shares. For all periods presented, the Company's potentially dilutive ordinary share equivalents (being the Options set out in note 15) have an anti-dilutive effect on loss per share and, therefore, have not been included in determining the total weighted average number of ordinary shares outstanding for the purpose of calculating diluted loss per share.

	June 2018 \$000	June 2017 \$000
Profit (loss) after income tax attributable to equity holders	(9,338)	(12,810)
Weighted average shares outstanding (basic)	173,440,493	169,431,030
Weighted average shares outstanding (diluted)	173,440,493	169,431,030
Basic and diluted loss per share	(5.4) cents	(7.6) cents

9. Cash and cash equivalents

	June 2018 \$000	June 2017 \$000
Cash at bank and on hand	400	138
Deposits at call	11,718	22,641
	12,118	22,779

10. Trade and other receivables

	June 2018 \$000	June 2017 \$000
Trade receivables and accruals	975	449
Grant income accrued	117	203
GST and other taxes receivable	72	135
Security deposits	41	39
	1,205	826

11. Inventories

	June 2018 \$000	June 2017 \$000
Raw materials and components	218	277
Finished goods	291	449
	509	726

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to \$956,000 (2017: \$591,000).

12. Property, plant and equipment

	Manufacturing Equipment \$000	Computer Equipment \$000	Fixtures & Fittings \$000	Office Equipment \$000	Total \$000
As at 1 July 2016					
Cost	402	90	40	10	542
Accumulated depreciation	(197)	(38)	(5)	(4)	(244)
Net book value	205	52	35	6	298
Movements in the year ended 30 June 2017					
Opening net book value	205	52	35	6	298
Additions	101	88	152	24	365
Disposals	-	(2)	(5)	-	(7)
Depreciation	(158)	(52)	(18)	(6)	(234)
Foreign currency translation	(4)	(2)	1	-	(5)
Closing net book value	144	84	165	24	417
As at 30 June 2017					
Cost	499	174	188	34	895
Accumulated depreciation	(355)	(90)	(23)	(10)	(478)
Net book value	144	84	165	24	417
Movements in the year ended 30 June 2018					
Opening net book value	144	84	165	24	417
Additions	129	64	127	9	329
Disposals	-	(3)	-	(1)	(4)
Depreciation	(115)	(62)	(29)	(6)	(212)
Foreign currency translation	(6)	(4)	(6)	1	(15)
Closing net book value	152	79	257	27	515
As at 30 June 2018					
Cost	608	217	307	43	1,175
Accumulated depreciation	(456)	(138)	(50)	(16)	(660)
Net book value	152	79	257	27	515

13. Intangible assets

	Software \$000	Total \$000
As at 1 July 2016		
Cost	43	43
Accumulated amortisation	(12)	(12)
Net book value	31	31
Movements in the year ended 30 June 2017		
Opening net book value	31	31
Additions		
- External costs	270	270
Amortisation	(36)	(36)
Foreign currency translation	-	-
Closing net book value	265	265
As at 30 June 2017		
Cost	313	313
Accumulated amortisation	(48)	(48)
Net book value	265	265
Movements in the year ended 30 June 2018		
Opening net book value	265	265
Additions		
- External costs	111	111
- Disposals	(2)	(2)
Amortisation	(98)	(98)
Foreign currency translation	(10)	(10)
Closing net book value	266	266
As at 30 June 2018		
Cost	421	421
Accumulated amortisation	(155)	(155)
Net book value	266	266

14. Trade and other payables

	June 2018 \$000	June 2017 \$000
Trade payables	877	1,020
Accruals	211	196
Employee benefits	1,423	1,166
	2,511	2,382

15. Share capital

	Ordinary Shares	\$000
Share capital as at 1 July 2017	151,219,925	66,720
Ordinary share issued	16,046,097	8,023
Share issue costs	-	(511)
Shares issued in employee share plans	4,797,095	-
Cancellation of shares issued in employee share plan	(708,383)	-
Shares issued on option exercise	494,458	46
Share capital as at 30 June 2017	171,849,192	74,278
Shares issued in employee share plans	3,032,072	-
Cancellation of share plan shares	(1,554,329)	-
Shares issued on option exercise	946,997	71
Share capital as at 30 June 2018	174,273,932	74,349

(a) Ordinary Shares

The ordinary shares have no par value and all ordinary shares are fully paid-up and rank equally as to dividends and liquidation, with one vote attached to each fully paid ordinary share.

(b) Employee incentive plans

Adherium Employee Share Option Plan (Adherium ESOP)

Prior to the Company's initial public offering and listing it operated an option plan for employees. No further issue of options under the Adherium ESOP are contemplated.

Exercise price range \$0.075268 – 0.134039	Options	Weighted Average Exercise Price	Weighted Average Remaining Contract Life (years)	Exercisable	Weighted Average Exercise Price	Weighted Average Share Price at Exercise
Outstanding at 30 June 2016	5,063,097	\$ 0.1049	3.5	5,063,097	\$ 0.1049	
Granted	-	\$ -				
Exercised	(494,458)	\$ 0.0931				\$ 0.1609
Lapsed	(173,238)	\$ 0.0752				
Outstanding at 30 June 2017	4,395,401	\$ 0.1083	2.8	4,395,401	\$ 0.1083	
Granted	-	\$ -				
Exercised	(946,997)	\$ 0.0752				\$ 0.16
Lapsed	-	\$ -				
Outstanding at 30 June 2018	3,448,404	\$ 0.1083	2.8	4,395,401	\$ 0.1083	

There were no options granted in the year ended 30 June 2018 (2017: nil). The Company has no legal or constructive obligation to repurchase or settle the options in cash.

Adherium Employee Share Plans (Adherium ESP)

The Company operates employee share plans for employees, directors and consultants within the Group. Participants are invited by the Board of Directors and those who accept an offer of ESP shares are provided with an interest free loan from the Company to finance the whole of the purchase of the ESP shares they were invited to apply for (ESP Loan). The ESP Loans are provided to participants on a non-recourse basis and upon vesting must be repaid in order to remove trading restrictions on vested ESP shares. The term of the ESP Loan is five years, however participants may forfeit their ESP shares if they do not repay the ESP Loan or leave the Company. Awards typically vest one third annually over a three-year period, and are subject to restriction until vesting conditions are met.

The assessed weighted average fair value at grant date of the awards made during the 2018 financial period is 1.3 cents per award (2017: 6.3 cents per award). The awards were priced using a Black-Scholes option pricing model that takes into account the exercise price, the term of the award, 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 award.

The following awards have been made under the Adherium ESP:

Grant date	Shares granted	Issue price	Vested as at 30 June 2018	Restricted as at 30 June 2017	Share price at grant date
16 May 2016	2,755,811	\$0.50	1,837,206	2,755,811	\$0.50
23 August 2016	356,072	\$0.50	118,691	356,072	\$0.48
8 November 2016	2,621,367	\$0.50	873,789	2,621,367	\$0.35
23 December 2016	1,152,136	\$0.50	306,097	1,152,136	\$0.26
8 November 2017	3,680,997	\$0.50	558,287	3,680,997	\$0.08
20 February 2018	300,000	\$0.50	-	300,000	\$0.08
1 June 2018	1,478,712	\$0.50	-	1,478,712	\$0.12

16. Deferred Income Tax

	June 2018 \$000	June 2017 \$000
Movements		
Deferred tax asset (liability) at the beginning of the year	-	-
Credited (charged) to the income statement (note 7)	3,111	3,642
Change in unrecognised deferred tax assets	(3,111)	(3,642)
Deferred tax asset (liability) at the end of the year	-	-

The movement in deferred income tax assets and liabilities during the period is as follows:

	Deferred tax assets (liabilities)				
	Provisions and accruals \$000	Intangible assets \$000	Convertible notes \$000	Tax losses \$000	Total \$000
As at 30 June 2016	-	-	-	-	-
Credited (charged) to the income statement	(26)	147	-	3,521	3,642
Effect of exchange rate changes	-	1	-	(11)	(10)
Change in unrecognised deferred tax assets	26	(148)	-	(3,510)	(3,632)
As at 30 June 2017	-	-	-	-	-
Credited (charged) to the income statement	(19)	82	-	3,048	3,111
Effect of exchange rate changes	(4)	(8)	-	(15)	(27)
Change in unrecognised deferred tax assets	23	(74)	-	(3,033)	(3,084)
As at 30 June 2018	-	-	-	-	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable, or to the extent that they can be set off against deferred income tax liabilities. The Company did not recognise deferred income tax assets of \$7,884,000 (2017: \$4,851,000) in respect of losses amounting to \$25,850,000 (2017: \$16,821,000) that can be carried forward against future taxable income. The Company also did not recognise further deferred income tax assets of \$405,000 (2017: \$355,000) in respect of other timing differences amounting to \$1,441,000 (2017: \$1,262,000).

17. Related party transactions

(a) Key management and personnel

The key management personnel include the directors of the Company, the CEO, and senior executives responsible for the planning, directing and controlling of the Group's activities. Compensation for this group was as follows:

	June 2018 \$000	June 2017 \$000
Directors		
- fees and other legislated superannuation	360	336
- share and option compensation	43	43
CEO and management		
- short-term benefits	1,780	907
- post-employment benefit contributions	27	29
- share based compensation	23	67
	2,233	1,382

Key management personnel and their associates subscribed for share capital in the Company as follows:

	June 2018 Ordinary Shares	June 2018 \$000	June 2017 Ordinary Shares	June 2017 \$000
Shares issued on exercise of options	519,714	39	150,000	20
	519,714	\$ 39	150,000	\$ 20

(b) Related parties

Transactions with related parties are on normal commercial terms and on conditions no more favourable than those available to other suppliers.

	June 2018 \$000	June 2017 \$000
Alecia Anderson Design		
- Office design consultancy for office refurbishment	25	-

18. Financial instruments and risk management

(a) Categories of financial instruments

	June 2018 \$000	June 2017 \$000
Financial assets		
Loans and receivables classification:		
Cash and cash equivalents	12,118	22,779
Short term investments	427	-
Trade and other receivables	1,092	652
Total financial assets	13,637	23,431
Financial liabilities		
<i>Measured at amortised cost:</i>		
Trade and other payables	2,511	2,382
Convertible notes – liability component	-	-
<i>Measured at fair value:</i>		
Convertible notes – embedded conversion derivative	-	-
Total financial liabilities	2,511	2,382

(b) Risk management

The Company is subject to a number of financial risks which arise as a result of its activities.

Foreign exchange risk

During the normal course of business the Company enters into contracts with overseas customers or suppliers or consultants that are denominated in foreign currency. As a result of these transactions there is exposure to fluctuations in foreign exchange rates.

The Company does not utilise derivative financial instruments. It operates a policy of holding cash and cash equivalents in the currency of near-term estimated future supplier payments, however it does not designate formal hedges and as such remains unhedged against foreign currency fluctuations. A foreign exchange gain of \$633,000 is included in results for the period ended 30 June 2018 (2017: \$166,000 gain).

The carrying amounts of foreign currency denominated assets and liabilities are as follows:

	June 2018 \$000	June 2017 \$000
Assets		
New Zealand Dollars	8,817	4,524
US dollars	1,756	1,120
UK pound	200	146
European euros	1	-
Liabilities		
New Zealand Dollars	1,052	1,516
US dollars	1,019	513
UK pound	117	30
European euros	40	19
Hong Kong dollars	5	2
Japanese Yen	1	5

The following table details the Company's sensitivity to a 10% increase and decrease in each of the currencies noted against the Australian dollar as at the reporting date.

<i>Decrease (increase) in loss after income tax</i>	June 2018 \$000	June 2017 \$000
10% strengthening of Australian dollar against:		
New Zealand Dollars	256	768
US dollars	349	48
UK pound	40	38
Hong Kong dollars	1	-
Japanese Yen	-	1
10% weakening of Australian dollar against:		
New Zealand Dollars	(313)	(939)
US dollars	(426)	(59)
UK pound	(49)	(46)
Hong Kong dollars	(1)	-
Japanese Yen	-	(1)

Cash flow and fair value interest rate risk

The Company is exposed to interest rate risk as it holds cash and cash equivalents (refer note 9).

Trade and other receivables and payables do not bear interest and are not interest rate sensitive.

The Company's interest bearing financial assets bear interest at deposit rates for up to 90 days and accordingly any change in interest rates would have an immaterial effect on reported loss after tax.

Credit risk

The Company incurs credit risk from transactions with trade receivables and financial institutions in the normal course of its business. The credit risk on financial assets of the Company, which have been recognised in the statement of financial position, is the carrying amount, net of any allowance for doubtful debts.

The Company does not require any collateral or security to support transactions with financial institutions or customers. The counterparties used for banking activities are financial institutions with an AA- credit rating (2017: AA-) and the Company assesses the credit quality of customers by taking into account their financial position, past experience and other factors. The credit quality of trade receivables can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	June 2018 \$000	June 2017 \$000
Counterparties with external credit rating:		
• AA-	934	374
Counterparties without external credit rating:		
• existing customers (more than 6 months) with no defaults in the past	41	75
Total trade receivables	975	449

The Company is exposed to a concentration of credit risk as 96% of accounts receivable are with one counterparty (2017: 83%). The customer has an external credit rating of AA-.

Liquidity risk

The table below shows the Company's non-derivative financial liabilities by relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 3 months \$000	Between 3 months and 1 year \$000
As at 30 June 2018		
Trade and other payables	2,511	-
As at 30 June 2017		
Trade and other payables	2,382	-

Capital risk

The Company manages its capital to ensure that it is able to continue as a going concern. The capital structure of the Company consists of cash and cash equivalents, and equity comprising issued capital, reserves and accumulated deficit.

Fair value estimation

Financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

At 30 June 2016 the embedded conversion derivative with a fair value of \$473,000 was classified as subject to recurring fair value measurement within Level 3 of the hierarchy. There were no transfers between the fair value hierarchy levels in 2016 or 2017.

In the period to 30 June 2016, the Company performed its own estimate of the fair value of the embedded conversion derivative recognised separately from the host convertible notes (see note 7) using a present value technique. The main inputs to the valuation are the expected probability of the convertible notes converting and the discount rate used. At initial recognition and 30 June 2016 a probability of 75% of the convertible notes converting was applied together with a discount rate of 8.45%. A reasonably possible change at 30 June 2016 of plus or minus 5 percentage points to the estimate of the probability of the notes converting would have led to an increase or decrease respectively in the valuation of the derivative of \$32,000. A reasonably possible change to the discount rate applied would not have a material impact upon the valuation.

The Convertible Notes converted to shares in the Company immediately prior to its listing on the ASX in August 2015.

19. Parent entity information

The following details information related to the legal parent, Adherium Limited as at 30 June 2018. During the year ended 30 June 2018 Adherium Limited recognised an impairment in the carrying value of its investments in subsidiaries to record those investments at the Group carrying value. This resulted in an impairment charge of \$48,146,000. The information presented here has otherwise been prepared using consistent accounting policies as presented in Note 1.

	Parent June 2018 \$000	Parent June 2017 \$000
Statement of Financial Position		
Current assets	10,643	19,347
Non-current assets	10,117	51,520
Total assets	20,760	70,867
Current liabilities	251	570
Non-current liabilities	-	-
Total liabilities	251	570
Net assets	20,509	70,297
Contributed equity	74,349	74,278
Accumulated deficit	(54,523)	(4,677)
Reserves	683	696
Total equity	20,509	70,297
Statement of Profit and Loss and Comprehensive Income		
Loss after tax	(49,846)	(3,295)
Total comprehensive loss	(49,846)	(3,295)

20. Interests in controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 3:

Name of Entity	Status	Country of incorporation	Percentage owned	
			June 2018	June 2017
Adherium (NZ) Limited	Operating	New Zealand	100%	100%
Adherium North America, Inc.	Operating	United States	100%	100%
Adherium Europe Ltd	Operating	United Kingdom	100%	100%
Nexus6 Limited	Dormant shell	New Zealand	100%	100%

21. Contingencies and commitments

The Company had no contingencies or commitments to purchase any property, plant or equipment at 30 June 2018 (2017: nil).

The following aggregate future non-cancellable minimum lease payments for premises have been committed to by the Company, but not recognised in the financial statements.

	June 2018 \$000	June 2017 \$000
Not later than one year	364	373
Later than one year and not later than five years	572	973
Later than five years	-	-
	936	1,346

22. Events occurring after balance date

There are no events occurring after the balance sheet date which require disclosure or adjustment in the financial statements.

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 22 to 44 in accordance with the Corporations Act 2001:

- (a) comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- (b) as stated in note 2, the consolidated financial statements also comply with International Financial Reporting Standards; and
- (c) give a true and fair view of the financial position of the consolidated entity as at 30 June 2018 and of its performance for the financial year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Adherium Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with sections 295A of the Corporations Act 2001 for the year ended 30 June 2018.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the board.

A handwritten signature in black ink, appearing to read 'Thomas Lynch', with a stylized flourish at the end.

Thomas Lynch
Non-Executive Chairman

Sydney
28 September 2018

Independent Auditor's Report



Independent auditor's report

To the members of Adherium Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Adherium Limited (the Company) and its controlled entities (together 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 financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2018
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

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.

PricewaterhouseCoopers, ABN 52 780 433 757

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Independent Auditor's Report



Material uncertainty related to going concern

We draw attention to Note 2 of the Basis of Preparation within the consolidated financial statements, which indicates the Group incurred a net loss of \$9,338,000 (2017: \$12,810,000) and operating cash outflow of \$9,824,000 (2017: \$ 11,581,000) during the year ended 30 June 2018.

The Group's ability to continue as a going concern is dependent on whether the Group can continue to raise additional capital until the company is supported by cash flows from operations, secure sufficient cash flows from new revenue streams and execute plans to reduce costs.

These conditions along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



<i>Materiality</i>	<i>Audit scope</i>	<i>Key audit matters</i>
- For the purpose of our audit we used overall Group materiality of \$466,000, which represents approximately 5% of the Group's loss before income tax. - We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial	Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	Except for the matter which is described in the <i>Material uncertainty related to going concern</i> section, we have determined that there are no other Key audit matters to communicate in our report.

Independent Auditor's Report



report as a whole.

- We chose Group loss before income tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

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 for the current period. The key audit 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. Except for the matter which is described in the *Material uncertainty related to going concern* section, we have determined that there are no Key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises Company Overview, Chairman's Statement, CEO's Report, Directors' Report (including Remuneration Report) and Australian Securities Exchange Additional Information, included in the 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 accordingly 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 identified above 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.

Independent Auditor's Report



In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 the 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. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 12 to 19 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Adherium 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.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that appears to read 'SW' or 'Walsh'.

Scott Walsh
Partner

Sydney

28 September 2018

Australian Securities Exchange Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The shareholder information set out below was applicable as at 17 September 2018.

(a) Distribution of equity securities

Ordinary share capital

As at 17 September 2018 there were 174,273,932 ASX quoted ordinary shares held by 761 shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

Range (size of holding)	Number of Ordinary Shares	Holders
1 - 1,000	9,080	25
1,001 - 5,000	358,113	103
5,001 - 10,000	1,105,637	129
10,001 - 100,000	15,159,647	359
100,001 and over	157,641,455	145
Total	174,273,932	761

There were 136 shareholders holding less than a marketable parcel of ordinary shares at a price of \$0.085, totalling 410,042 ordinary shares.

Unquoted options over ordinary shares

As at 17 September 2018 there were 3,448,404 options over ordinary shares held by 9 holders.

(b) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Substantial shareholders	Notification Date	Ordinary Shares Held
One Funds Management Limited <Asia Pacific Health Fund II A/C>	28/07/2016	25,217,915
FIL Limited	29/07/2016	16,726,595
Mr Garth Sutherland	01/08/2016	12,388,769
K One W One Ltd	26/07/2016	10,990,860
I.G. Investment Management, Ltd and associates	01/09/2015	9,535,000
AstraZeneca PLC and its related bodies	26/08/2015	8,079,720
		82,938,859

(c) Twenty largest holders of quoted equity securities as at 17 September 2018

Shareholders	Ordinary Shares	
	Number	%
HSBC Custody Nominees (Australia) Limited	26,232,470	15.05
One Funds Management Limited <Asia Pacific Health Fund II A/C>	25,217,915	14.47
K One W One Ltd	10,990,860	6.31
Mr Garth Sutherland	10,794,885	6.19
JP Morgan Nominees Australia Limited	8,606,771	4.94
AstraZeneca AB	8,079,720	4.64
Adherium ESP Trustee Limited	7,013,023	4.02
NZVIF Investments Limited	4,483,383	2.57
Citicorp Nominees Pty Limited	3,856,748	2.21
National Nominees Limited <DB A/C>	2,604,884	1.49
Bennamon Pty Ltd	2,168,000	1.24
Mogridge & Associates Ltd	1,743,082	1.00
Mr Arik Anderson	1,500,000	0.86
Doctor Iain Arthur McCormick	1,353,919	0.78
Popeye Investments Pty Ltd <Popeye Investment A/C>	1,206,060	0.69
HSBC Custody Nominees (Australia) Limited - A/C 2	1,107,807	0.64
K M Fitzpatrick & Associates Pty Ltd <KM Fitzpatrick Family A/C>	1,077,000	0.62
Ross Alan Sutherland + Valerie Mary Sutherland + Garth Campbell Sutherland	1,072,517	0.62
Dr John Douglas Wilson	1,039,428	0.60
Mr Christopher Richard Brice	1,000,001	0.57
Total top 20 holders of ordinary shares	121,148,473	69.52

(d) Voting Rights

On a show of hands, every shareholder present in person or by proxy holding stapled securities in the Company shall have one vote and upon a poll each stapled security shall have one vote.

Corporate Information

ASX code: ADR

Directors

Mr Thomas Lynch (Chair)
Mr Arik Anderson (Group CEO)
Mr Jeremy Curnock Cook
Dr William Hunter
Mr Bruce McHarrie
Prof John Mills
Mr Bryan Mogridge

Joint Company Secretaries

Mr Rob Turnbull
Mr Mark Licciardo

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Share Registry

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Solicitors

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Auditors

PricewaterhouseCoopers
One International Towers, Watermans Quay,
Barangaroo NSW 2000, Australia

Website

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Shareholder Enquiries 1300 850 505 (+61 3 9415 4000)

Shareholders requiring clarification of holdings, or requesting changes of name or address should contact Computershare Investor Services directly on the above number. Shareholders wishing to create an online account with Computershare should visit <https://www.investorcentre.com>

