

# Appendix 4D

## Half Year Report to the Australian Securities Exchange

### Part 1

<b>Name of Entity</b>	AdAlta Limited
<b>ABN</b>	92 120 332 925
<b>Half Year Ended</b>	31 December 2018
<b>Previous Corresponding Reporting Period</b>	Half Year Ended 31 December 2017

### Part 2 – Results for Announcement to the Market

	<b>\$'000</b>	<b>Percentage increase /(decrease) over previous corresponding period</b>
<b>Revenue from continuing operations</b>	\$35	(9%)
<b>Loss from continuing activities after tax attributable to members</b>	(\$3,626)	6%
<b>Net loss attributable to members</b>	(\$3,626)	6%

<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	Nil	Nil
<b>Interim Dividend</b>	Nil	Nil
<b>Record date for determining entitlements to the dividends (if any)</b>	Not Applicable	

**Brief explanation of any of the figures reported above necessary to enable the figures to be understood:**

### **Part 3 – Contents of ASX Appendix 4D**

<b>Section</b>	<b>Contents</b>
Part 1	Details of entity, reporting period
Part 2	Results for announcement to the market
Part 3	Contents of ASX Appendix 4D
Part 4	Commentary on results
Part 5	Details relating to dividends
Part 6	Net tangible assets per security
Part 7	Details of entities over which control has been gained or lost
Part 8	Details of associates and joint venture entities
Part 9	Information on audit or review

---

## Part 4 – Commentary on Results

Refer to the Review of Operations contained in the Directors' Report which forms part of the attached Interim Financial Report for details.

## Part 5 – Details Relating to Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

## Part 6 – Net Tangible Assets per Security

	2018	2017
Net tangible asset backing per ordinary security	4.2 cents	4.4 cents

## Part 7 – Details of Entities Over Which Control has been Gained or Lost

Name of entity (or group of entities)	N/A
Date control gained or lost	N/A
Contribution of the controlled entity (or group of entities) to the profit/(loss) from ordinary activities during the period, from the date of gaining or losing control	N/A
Profit (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A
Contribution to consolidated profit/(loss) from ordinary activities from sale of interest leading to loss of control	N/A

## Part 8 – Details of Associates and Joint Venture Entities

	Ownership Interest		Contribution to net profit/(loss)	
	2018 %	2017 %	2018 \$A'000	2017 \$A'000
	N/A	N/A	N/A	N/A
Name of entity				
Associates				
Joint Venture Entities				
Aggregate Share of Losses				

## Part 9 – Audit/Review Status

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited		The accounts have been subject to review	✓
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

**If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:**

Not applicable

**If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:**

Not applicable

## Attachments Forming Part of Appendix 4D

Attachment No.	Details
1	Interim Financial Report

**Signed by Company Secretary**



**Cameron Jones**

**Dated: 27 February 2019**



**AdAlta Limited**

**ABN 92 120 332 925**

**Half year report for the half-year ended  
31 December 2018**

# Corporate directory

## Board of Directors

Mr Paul MacLeman	Non- Executive Chairman
Ms Samantha Cobb	Managing Director
Mr James Williams	Non-Executive Director
Ms Elizabeth McCall	Non-Executive Director
Mr John Chiplin	Non-Executive Director
Mr Robert Peach	Non-Executive Director

## Company Secretary

Mr Cameron Jones

## Registered Office

Suite 15 / 2 Park Drive  
Bundoora Vic 3083

## Website

Website: [www.adalta.com.au](http://www.adalta.com.au)

## Auditors

Butler Settineri Pty Ltd  
Unit 16, First Floor,  
100 Railway Road  
Subiaco, Western Australia 6008

## Share Registry

Automic Registry Services  
Level 3  
50 Holt Street  
Surrey Hills, NSW 2010  
Tel: +61 2 9698 5414

## Stock Exchange

Australian Securities Exchange Ltd

## ASX Code

1AD

# Half year report for the half-year ended 31 December 2018

## Contents

Directors' report.....	1
Auditor's independence declaration.....	4
Independent auditor's review report.....	5
Directors' declaration.....	7
Consolidated statement of profit or loss and other comprehensive income.....	8
Consolidated statement of financial position.....	9
Consolidated statement of changes in equity.....	10
Consolidated statement of cash flows.....	11
Condensed notes to the financial statements.....	12

## Directors' report

The Directors of AdAlta Limited ("AdAlta" or "the Company") submit herewith the financial report of the Company for the half-year ended 31 December 2018. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### Names of Directors

The names of the Directors of the Company during or since the end of the half-year are noted below. All Directors were in office for the entire period:

Mr Paul MacLeman  
Ms Samantha Cobb  
Mr James Williams  
Ms Elizabeth McCall  
Mr John Chiplin  
Mr Robert Peach

### Operating results

The loss for the half-year ended 31 December 2018, after accounting for income tax benefit, amounted to \$3,625,970. The loss after tax for the Company was \$3,409,565 for the half-year ended 31 December 2017. The half-year ended 31 December 2018 operating results were attributed to the following:

- Research and development expenditure of \$2,573,091 (31 December 2017: \$2,413,163);
- Corporate and administration expenses of \$1,019,004 (31 December 2017: \$884,939);
- Share based payment expense of \$47,960 (31 December 2017: \$108,952); and
- Net foreign exchange (loss)/gain of \$20,791 (31 December 2017: \$40,435)

### Review of operations

The cash position as at 31 December 2018 was \$5,359,175 (31 December 2017: \$5,262,648). Other points to note on the Company's financial position are:

- On 24 October 2018, the Company received a Research and Development tax incentive refund of \$2,020,175 for the 2017/2018 financial year.

On 13th July 2018, the Company announced a placement of 14,166,667 fully paid ordinary shares at a price of \$0.30 per share to raise \$4,250,000 with support from sophisticated and institutional investors. Directors also took up a total of 522,450 shares which was approved by shareholders at the Company's Annual General Meeting in November 2018.

On 16th July 2018, eligible shareholders were also offered the opportunity to subscribe for up to \$15,000 of new fully paid ordinary shares in AdAlta, free of brokerage and commission, under a Share Purchase Plan (SPP) at the same price as the Placement. On 15 August 2018, the Company announced the close of the Share Purchase Plan under which 1,592,011 fully paid ordinary shares were issued to eligible shareholders at a price of \$0.30 per share. The Share Purchase Plan raised \$477,603, taking total funds raised to \$4,727,603.

The combined SPP and Placement funds have been used to progress AD-214 through manufacturing and pre-clinical studies as well as internal research and development of new i-bodies.

On 22 August 2018, the Company announced the release of 24,047,138 escrowed securities. The 24,047,138 shares being released are held by major shareholder Yuuwa Capital (22,082,027), Non-executive Director and Chairman Paul MacLeman (439,636), Non-executive Director John Chiplin (610,883) and Managing Director and CEO Sam Cobb (914,592).

The Board and Management team remain focused on commercializing AdAlta's i-body technology. The Company is not aware of any intent that Directors or major shareholder Yuuwa Capital have to sell any of these shares.

During the period, no unlisted options were exercised into ordinary shares and no unlisted options expired.

In line with prior statements and given the activities required to progress AD-214 to the clinic, the Company anticipates the need to secure further sources of funding. The Board is currently considering its options in this regard.

### **AD-214 progress to the clinic**

AdAlta continues to execute its plan to take AD-214 to the clinic. The Company is currently developing the manufacturing process for AD-214 and then plans to demonstrate the safety of AD-214 in primates before advancing AD-214 to human trials. The human trials will evaluate its safety and its use for the treatment of fibrosis-related diseases, including for the treatment of Idiopathic Pulmonary Fibrosis (IPF).

During the second half of 2018, AdAlta continued to make progress with the manufacturing of AD-214 and provided an update on cell line development. The improved cell line yield of 3 grams per litre is very much in line with the Company's expectations and AdAlta remains on track with regards to development of the manufacturing process. Several non-human primate studies are currently underway. These studies will provide valuable dosing and safety information that will inform the AD-214 four-week toxicology study, which is expected to commence in July 2019. AdAlta anticipates having the AD-214 dosing materials, manufactured under Good Manufacturing Practice (GMP) standards, available for the commencement of clinical studies in January 2020.

The i-body platform provides an opportunity for the expansion of the pipeline of i-body drug candidates in multiple therapeutic areas. The Company plans to maximise the benefits of its i-body platform and i-body libraries through partnerships, while retaining the ability to resource and focus on its own in-house discovery and development activities. Development of additional i-body drug candidates provides potential for additional revenue, including up-front milestone payments and licensing payments.

Post the end of the quarter, AdAlta had a briefing for investors and analysts, providing insights from AdAlta's Scientific Advisory Board members, an IPF clinician and an IPF patient. Presentations from the briefing have been lodged with the ASX and are available through the company's website at [www.adalta.com.au](http://www.adalta.com.au). Highlights from the symposium will be made available during the coming weeks.

### **Subsequent events**

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years

**Auditor's independence declaration**

The auditor's independence declaration is included on page 4 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Paul MacLeman', with a long horizontal flourish extending to the right.

**Paul MacLeman**

**Chairman**

27 February 2019

Melbourne, Victoria, Australia


## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of AdAlta Limited for the half year ended 31 December 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 review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of AdAlta Limited during the half year ended 31 December 2018.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth  
Date: 27 February 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF ADALTA LIMITED**

**Report on the half year financial report**

We have reviewed the accompanying half year financial report of AdAlta Limited ("the Company") which comprises the condensed statement of profit and loss and other comprehensive income, condensed statement of financial position as at 31 December 2018, the condensed statement of changes in equity and the condensed statement of cash flows for the half year ended on that date, notes comprising a statement of significant accounting policies and other selected explanatory notes and the directors' declaration.

**Directors' responsibility for the half year financial report**

The directors are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AdAlta Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain the assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of AdAlta Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth

Date: 27 February 2019

## Directors' declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134 '*Interim Financial Reporting*' and giving a true and fair view of the financial position at 31 December 2018 and performance of the Consolidated Entity for the period ended on that date.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

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

**Paul MacLeman**  
**Chairman**

27 February 2019  
Melbourne, Victoria, Australia

## Statement of profit or loss and other comprehensive income for the half-year ended 31 December 2018

	Note	31 Dec 2018 \$	31 Dec 2017 \$
<b>Continuing operations</b>			
Revenue	3	34,876	37,924
Research and development expenses		(2,573,091)	(2,413,163)
Corporate administration expenses		(1,019,004)	(884,939)
Share based payment expenses		(47,960)	(108,952)
Net foreign exchange (loss) / gain		(20,791)	(40,435)
<b>Loss before income tax</b>		<b>(3,625,970)</b>	<b>(3,409,565)</b>
Income tax benefit		-	-
<b>Loss for the period attributable to Owners of AdAlta Limited</b>		<b>(3,625,970)</b>	<b>(3,409,565)</b>
<b>Other comprehensive income, net of income tax</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Other comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(3,625,970)</b>	<b>(3,409,565)</b>
<b>Loss and total comprehensive loss attributable to: Owners of AdAlta Limited</b>		<b>(3,625,970)</b>	<b>(3,409,565)</b>
<b>Loss per share:</b>			
Basic and diluted (cents per share)	4	(0.031)	(0.034)

Condensed notes to the financial statements are included on pages 12 to 15.

## Statement of financial position as at 31 December 2018

	Note	31 Dec 2018 \$	30 Jun 2018 \$
<b>Current assets</b>			
Cash and cash equivalents		5,359,175	2,306,048
Trade and other receivables		151,100	2,130,300
<b>Total current assets</b>		<b>5,510,275</b>	<b>4,436,348</b>
<b>Non-current assets</b>			
Plant and Equipment		161,798	-
Other non-current assets		2,600	2,600
<b>Total non-current assets</b>		<b>164,398</b>	<b>2,600</b>
<b>Total assets</b>		<b>5,674,673</b>	<b>4,438,948</b>
<b>Current liabilities</b>			
Trade and other payables		679,910	285,149
Provisions		79,259	81,168
<b>Total current liabilities</b>		<b>759,169</b>	<b>366,317</b>
<b>Total liabilities</b>		<b>759,169</b>	<b>366,317</b>
<b>Net assets</b>		<b>4,915,504</b>	<b>4,072,631</b>
<b>Equity</b>			
Issued capital	5	21,994,410	17,573,527
Reserves	6	220,826	172,866
Accumulated losses		(17,299,732)	(13,673,762)
<b>Total equity</b>		<b>4,915,504</b>	<b>4,072,631</b>

Condensed notes to the financial statements are included on pages 12 to 15.

## Statement of changes in equity for the half-year ended 31 December 2018

	Issued capital	Retained Earnings	Share based payment reserve	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	<b>17,560,338</b>	<b>(9,818,868)</b>	<b>3,908</b>	<b>7,745,378</b>
Loss for the period	-	(3,409,565)	-	(3,409,565)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(3,409,565)</b>	<b>-</b>	<b>(3,409,565)</b>
Issue of ordinary shares	-	-	-	-
Conversion of options to shares	13,189	-	-	13,189
Share issue costs	-	-	-	-
Share based payments recognised	-	-	108,953	108,953
<b>Balance at 31 December 2017</b>	<b>17,573,527</b>	<b>(13,228,433)</b>	<b>112,861</b>	<b>4,475,955</b>
<b>Balance at 1 July 2018</b>	<b>17,573,527</b>	<b>(13,673,762)</b>	<b>172,866</b>	<b>4,072,631</b>
Loss for the period	-	(3,625,970)	-	(3,625,970)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(3,625,970)</b>	<b>-</b>	<b>(3,625,970)</b>
Issue of ordinary shares	4,727,603	-	-	4,727,603
Conversion of options to shares	-	-	-	-
Share issue costs	(306,720)	-	-	(306,720)
Share based payments recognised	-	-	47,960	47,960
<b>Balance at 31 December 2018</b>	<b>21,994,410</b>	<b>(17,299,732)</b>	<b>220,826</b>	<b>4,915,504</b>

Condensed notes to the financial statements are included on pages 12 to 15.

## Statement of cash flows for the half-year ended 31 December 2018

	Note	Half-year ended	
		31 Dec 2018 \$	31 Dec 2017 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(3,247,733)	(2,809,427)
Interest received		30,484	60,381
R&D tax incentive		2,020,175	1,777,030
<b>Net cash provided by / (used in) operating activities</b>		<b>(1,197,154)</b>	<b>(972,016)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(170,602)	(3,142)
<b>Net cash provided by / (used in) investing activities</b>		<b>(170,602)</b>	<b>(3,142)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share capital	5	4,727,603	-
Proceeds from option conversions	5	-	13,189
Payment of share issue costs	5	(306,720)	-
<b>Net cash (used in)/provided by financing activities</b>		<b>4,420,883</b>	<b>13,189</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,053,127</b>	<b>(961,969)</b>
Cash and cash equivalents at the beginning of the period		2,306,048	6,224,617
<b>Cash and cash equivalents at the end of the period</b>		<b>5,359,175</b>	<b>5,262,648</b>

Condensed notes to the financial statements are included on pages 12 to 15

# Condensed notes to the financial statements for the half-year ended 31 December 2018

## 1. Significant accounting policies

### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with annual financial statements of the Company for the year ended 30 June 2018 together with any public announcements made during the following half year.

The half-year financial report was authorised for issue by the directors on 27 February 2019.

### Basis of preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2018 annual financial report for the financial year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### Significant accounting judgements and key estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

### Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

There were no new standards issued since 30 June 2018 that have been applied by the Company. The 30 June 2018 annual report disclosed that the Company anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2018.

## 2. Segment information

The Company has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Board considers that the Company has only operated in one segment.

Corporate costs, finance costs, and interest revenue are not considered a separate segment.

The Company is domiciled and conducts its operations in Australia.

Revenues were not derived from a single external customer.

### 3. Revenue

	31 Dec 2018	31 Dec 2017
	\$	\$
Interest income	34,876	37,924
	<b>34,876</b>	<b>37,924</b>

### 4. Loss per share

	31 Dec 2018	31 Dec 2017
	\$	\$
<b>Basic and diluted loss per share (cents per share)</b>	<b>0.031</b>	<b>0.034</b>

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	31 Dec 2018	31 Dec 2017
	\$	\$
<b>Loss for the half-year attributable to the owners of the Company</b>	<b>3,625,970</b>	<b>3,409,565</b>

	31 Dec 2018	31 Dec 2017
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<b>115,358,778</b>	<b>101,295,462</b>

### 5. Issued Capital

	31-Dec-18		30-Jun-18	
	No.	\$	No.	\$
Fully paid ordinary shares	117,604,523	21,994,410	101,845,845	17,573,527
Balance at end of period	<b>117,604,523</b>	<b>21,994,410</b>	<b>101,845,845</b>	<b>17,573,527</b>

#### Ordinary Shares

	31-Dec-18		30-Jun-18	
	No.	\$	No.	\$
Balance at beginning of the reporting period	101,845,845	17,573,527	101,110,890	17,560,338
Issued on exercise of options	-	-	146,544	13,189
Issued on exercise of options under limited loan agreement	-	-	588,411	-
Issued pursuant to capital raising	15,758,678	4,727,603	-	-
Capital raising costs/(refund)	-	(306,720)	-	-
Balance at end of period	<b>117,604,523</b>	<b>21,994,410</b>	<b>101,845,845</b>	<b>17,573,527</b>

## 5. Issued Capital (continued)

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

### Options on issue

Expiry Date	Balance as at 30 June 2018	Issued in the period	Exercised in the period	Expired in the period	Balance as at 31 Dec 2018
16 October 2020	600,000	-	-	-	600,000
1 November 2020	234,472	-	-	-	234,472
14 November 2021	2,500,000	-	-	-	2,500,000
30 September 2021	200,000	-	-	-	200,000
30 September 2022	200,000	-	-	-	200,000
1 November 2022	-	375,000	-	-	375,000
<b>Total</b>	<b>3,734,472</b>	<b>375,000</b>	<b>-</b>	<b>-</b>	<b>4,109,472</b>

## 6. Reserves

	31 Dec 2018 \$	30 June 2018 \$
Share based payment reserve	220,826	172,866
Total reserves at end of period	<b>220,826</b>	<b>172,866</b>

### Employee options

375,000 options were granted to the Chief Executive officer in accordance with the Company's ESOP during the period. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following table lists the inputs to the model used for valuation of 375,000 unlisted options:

Number of options	375,000
Volatility (%)	52.76%
Risk free interest rate (%)	1.50%
Expected life of option (years)	3.93
Exercise price per terms and conditions	\$0.25
Underlying security price at grant date	\$0.26
Expiry date	01 Nov 2022
Value per option	\$0.111

## 7. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report at 30 June 2018. During the period under review there were no changes to key management personnel.

Key management personnel continue to receive compensation in the form of short term employee benefits, post-employment benefits and share-based payments.

**8. Dividends**

No dividends were paid or declared for the half-year ended 31 December 2018 and the directors have not recommended the payment of a dividend.

**9. Commitments and contingencies**

There has been no change to the commitments and contingencies disclosed in the most recent annual financial report. As at 31 December 2018, the Company has no significant commitments.

**10. Subsequent events**

There has not been any matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.