

SIENNA CANCER DIAGNOSTICS LIMITED
ABN 74 099 803 460
AND CONTROLLED ENTITY

APPENDIX 4E AND FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

1. Reporting Period

Current Reporting Year - For the year ended 30 June 2018

Previous Reporting Year – For the year ended 30 June 2017

2. Results for Announcement to the Market

	June 2018	June 2017	Change	Change
	(\$)	(\$)	(\$)	(%)
Revenue from ordinary activities	527,845	803,574	(275,729)	34
Loss before capitalised development expenditure and income tax	(2,182,194)	(1,350,919)	(831,275)	62
Loss before income tax	(2,182,194)	(695,310)	(1,486,884)	214
Total comprehensive loss for the year	(2,182,194)	(695,310)	(1,486,884)	214
Earnings Per Share		June 2018	June 2017	
Basic earnings per share (cents)		(0.01)	(0.00)	
Diluted earnings per share (cents)		(0.01)	(0.00)	
Net Tangible Asset Backing		June 2018	June 2017	
Net tangible assets per share (cents)		0.01	0.00	

3. Financial Results

This report should be read in conjunction with any ASX announcements made by Sienna Cancer Diagnostics Limited in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

For an explanation of the financial results reported above please refer to commentary provided in the Directors' Report attached to the 2018 Financial Report.

4. Dividends

No dividend has been declared in relation to the financial year ended 30 June 2018 and no dividend was declared in relation to the financial year ended 30 June 2017.

5. Statement of profit or loss and other comprehensive income with notes

Refer to attached audited financial report.

6. Statement of financial position with notes

Refer to attached audited financial report.

7. Statement of changes in equity

Refer to attached audited financial report.

8. Statement of cash flows

Refer to attached audited financial report.

9. Segment results

Refer to Note 22 of the financial report attached.

10. Details of entities over which control has been gained or lost during the period

No transactions during the period impacted Sienna's control of any entities.

11. Details of associates and joint venture entities

The consolidated entity had no associates or joint venture entities during the year ended 30 June 2018 or the year ended 30 June 2017.

12. Other factors

Refer to attached financial report.

13. Audit status

The attached financial report has been audited and the independent audit report contained within is not subject to a modified opinion.

SIENNA CANCER DIAGNOSTICS LIMITED
AND CONTROLLED ENTITY
ABN 74 099 803 460

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

CONTENTS

DIRECTORS' REPORT	2
AUDITORS' INDEPENDENCE DECLARATION	14
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	15
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	16
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	17
CONSOLIDATED STATEMENT OF CASH FLOW	18
NOTES TO THE FINANCIAL STATEMENTS	19
DIRECTORS' DECLARATION	37
INDEPENDENT AUDIT REPORT	38

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

DIRECTORS' REPORT

The Directors of Sienna Cancer Diagnostics Limited and its controlled entity (Sienna, the Group, or the Company) present their report for the financial year ended 30 June 2018.

Directors

The names of the Directors of the Company in office at any time during or since the end of the financial year are:

Geoffrey Cumming	Non-executive Chairman
David Earp	Non-executive Director
Carl Stubbings	Non-executive Director
John Chiplin	Non-executive Director
Helen Fisher	Non-executive Director (appointed 28 March 2018)

Principal Activities

Sienna is a medical technology company that develops and commercialises cancer-related in-vitro diagnostic tests that address unmet clinical needs. Sienna's target market is pathology laboratories worldwide. The first product developed and brought to market by Sienna is the first in-vitro diagnostic test for detection of hTERT, a component of the biomarker telomerase.

During the 2018 financial year the key areas of activity related to:

- capital raising efforts related to the IPO
- preparations for and listing on the Australian Securities Exchange (ASX) on 3 August 2017
- supporting a large-scale bladder cancer study at Johns Hopkins University School of Medicine leading to the announcement of positive study results for Sienna's hTERT test (SCD-A7)
- the appointment of a product distributor for Sweden and Denmark
- the search for, evaluation of, and negotiation with further distribution agents for additional markets
- working closely with the Company's distribution agents to increase market penetration of the IVD product
- research to expand the clinical applications of Sienna's IVD product
- the search for and evaluation of further intellectual property for introduction to the company's product pipeline

Corporate Information

Corporate Structure

Sienna, a company limited by shares, is incorporated and domiciled in Australia and listed on the ASX. Sienna has prepared a consolidated financial report incorporating the entity that it controlled during the financial year.

The parent company, Sienna Cancer Diagnostics Limited, became a publicly listed company on 3 August 2017 with the ASX code SDX. Prior to the listing Sienna was an unlisted public company. Sienna owns 100% of Melbourne Diagnostics Pty Ltd.

The registered office and principal place of business is located at 1 Dalmore Drive, Scoresby, Victoria, Australia, 3179.

Review of Operations

Operating results

The Group reported a total comprehensive loss of \$2,182,194 (2017: \$695,310) for the reporting period. If not for the capitalisation of development expenditure in the comparative year, the Group would have recorded a net loss of \$1,350,919 for the year ended 30 June 2017, as expenditure of \$655,609 for SCD-A7 was capitalised as an intangible asset.

Gross Profit and Product Revenue

A gross profit of \$468,847 (2017: \$758,384) was reported for the financial year. Product revenue recorded for the reporting period was \$527,845 (2017: \$803,574) with the fall in revenue being the result of the closure of a significant customer's operations in the United States.

Other Revenue and Operating Expenditures

The Company received \$631,691 from the refundable research and development tax offset during the financial year (2017: \$637,523). Grant, interest and other income totalled \$135,691 (2017: \$15,848 of interest income), made up of \$59,578 from the Export Market Development Grant (EMDG), \$70,785 of interest income and a foreign currency gain of \$5,328.

The Group incurred a total of \$2,086,205 (2017: \$1,497,812) for employee and contractor costs. The major contributing factors to the increase were:

- the first full year of employment costs for the Research and Development Manager, appointed in April 2017;
- the first full year of payments to the US Commercial Manager, first engaged in April 2017;

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

DIRECTORS' REPORT

- an increase in non-executive directors' fees upon listing on the ASX (as detailed in the remuneration report);
- an increase in executive salaries and a short term incentive payment to executives upon listing on the ASX; and
- an employee share options expense of \$71,113 compared with a credit of \$1,949 recorded in the prior year.

Administration expenditure increased to \$621,513 from \$336,636 recorded for the comparative financial year. The increase in these costs was largely the result of the Company's ASX listing, with significant expenditure incurred for ASX listing fees, share register transaction fees and investor/public relations consultancy.

External research and development expenditure reduced to \$247,027 from \$519,859 recorded in the prior financial year following the registration of the company's IVD with regulatory bodies in the United States, Europe and Australia, with research now focused on expansion of the utility of the IVD.

A total of \$164,668 (2017: \$46,634) for insurance was reported for the financial year. The cost of Directors and Officers (D&O) insurance increased significantly as a result of the Company listing on the ASX.

Travel and meetings expenditure increased to \$167,810 (2017: \$72,328) with significant travel undertaken in the US and Europe related to the sales effort in those regions.

The process of amortising capitalised development expenditure for SCD-A7 commenced in December 2016, the date the product was first available for sale to customers. The 2018 financial year was the first full year of amortisation expense, leading to an increase in depreciation and amortisation expense over the comparative financial year, \$130,559 (2017: \$78,520).

Cash flow

Net cash used in operating activities totalled \$2,196,570 (2017: \$792,807 outflow). The net increase in cash for the financial year was \$1,970,742 (2017: net cash decrease \$358,526). Cash reserves at 30 June 2018 were \$2,691,141 (30 June 2017: \$720,399). Receipts from operating activities totalled \$649,185 (2017: \$646,904); inflow from product income contributed \$546,559 (2017: \$611,147), the balance representing the refund of GST input tax credits. The Research and Development Tax Incentive refund added \$631,691 (2017: \$637,523) to cash flow and interest receipts increased to \$65,461 (2017: \$15,104) following the receipt of new capital from the IPO. Payments to suppliers and employees increased to \$3,602,485 (2017: \$2,092,338). The comparative period figure was reduced by an amount of \$653,877 which represented capitalised development expenditure for SCD-A7, an intangible asset on the balance sheet. Cash flow relating to the capitalised development expenditure is categorised as an investment cash flow.

Net cash used in investing activities reduced to \$95,166 from \$723,811 recorded for the prior financial year. The reduction in cash outflow for investing activities is due to the cessation of the capitalisation of development expenditure for SCD-A7.

The inflow of cash recorded for financing activities, \$4,262,478 (2017: \$1,158,092) represents the new capital raised pursuant to the prospectus for the Company's IPO, less the direct expenses.

Contributed Equity

On 3 August 2017, Sienna Cancer Diagnostics Ltd listed on the Australian Securities Exchange (ASX), having lodged a prospectus with the Australian Securities and Investment Commission (ASIC). The company raised a total of \$4,597,600 (before capital raising expenses) in new capital pursuant to the prospectus, and 22,988,000 new ordinary shares, at 20 cents per share, were issued on 31 July 2017. The total number of ordinary shares on issue following the new allotment of shares was 180,262,327.

Future Developments

The Group does not foresee any unusual future event that may significantly negatively impact the Company's operations, results or state of affairs.

Sienna's business model of developing diagnostic products for global markets will always bear some risk given the nature of technological development, competitors entering the market, changes in global healthcare, reliance on commercial partners and our ability to access capital to sustain operations. We cannot guarantee that the Company's technology will be widely adopted and sold by pathology laboratories. Moreover, the global Healthcare industry is an ever-evolving landscape where changes in reimbursement for diagnostics may impact our business opportunities.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment has been made.

DIRECTORS' REPORT

After Balance Date Events

On 20 July 2018 the Company announced that it had finalised terms for a \$5.2 million capital raise (before expenses), comprising a \$1.6 million institutional placement, as well as a \$3.6 million rights issue offer to existing shareholders, via the issue of new ordinary shares priced at 6 cents per share. Funds from the placement were received during the week ending 27 July 2018 and 27,039,349 new ordinary shares were issued on 27 July 2018. Shareholders recorded on the share register at 7pm on 26 July 2018 were eligible to participate in the rights issue offer on a basis of 1 new ordinary share for every 3 ordinary shares held. The rights issue offer opened 31 July 2018 and closed on 21 August 2018. A firm commitment was received from Merchant Corporate Advisory Pty Ltd to place any remaining shares not taken up in the rights issue offer by shareholders. A total of 60,087,442 new ordinary shares are to be issued under the rights issue offer if all the ordinary shares that are the subject of the offer are taken up.

On 7 August 2018, Sienna announced the appointment of GaoYuan In-Vitro Reagents Co. as its exclusive distributor for the Company's IVD for mainland China.

There has been no other matter or circumstance which has arisen since 30 June 2018 that has significantly affected or may significantly affect:

- (a) The operations, in financial years subsequent to 30 June 2018, of the consolidated entity, or
- (b) The results of those operations, or
- (c) The state of affairs, in financial years subsequent to 30 June 2018, of the consolidated entity.

Environmental Issues

Sienna's operations are subject to certain environmental regulations under the laws of the Commonwealth and State. Sienna engages an external waste management contractor to help ensure compliance with the Environment Protection Act 1970. This contractor is certified to ISO 14001, ISO 9001 and AS/NZ4801. The Directors are not aware of any breaches during the period covered by this report.

Significant Changes in State of Affairs

Apart from matters referred to throughout the Directors' Report, there have been no significant changes in the state of affairs of the Company.

Share-Based Payments

The Group operates an Employee Share Option Plan (ESOP). Each option provides the holder with the right to purchase an ordinary share in the parent entity at a pre-determined price. During the year ended 30 June 2018, 3,790,000 (2017: 2,500,000) new options were issued pursuant to the Group's ESOP, 210,000 options were cancelled upon cessation of employment (2017: 4,500,000) and a further 1,860,000 (2017: 200,000) expired. Options offered to Sienna Directors and staff are subject to a number of conditions which can restrict both the vesting and exercising of the options. At the date of the Directors Report a total of 14,523,314 options were on issue: 2,273,314 shareholder options and 12,250,000 options issued under the ESOP, representing 7.01% of the total issued capital of Sienna Cancer Diagnostics Ltd.

There were no ordinary shares issued during the financial year from the exercise of employee share options.

Proceedings on Behalf of the Company

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

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under s307C of the *Corporations Act 2001* is set out on page 14.

None of Sienna's officers are former partners or directors of Sienna's auditor, Walker Wayland NSW Chartered Accountant.

Non-Audit Services

Walker Wayland NSW Chartered Accountants were not engaged to perform for non-audit services during the 2018 financial year. During the 2017 financial year Walker Wayland NSW Chartered Accountants were paid \$8,000 to prepare the investigating accountant's report for Sienna's prospectus dated 25 May 2017.

Directors' Related Party Transactions

Directors' related party transactions are detailed in Note 19 to the financial statements.

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

DIRECTORS' REPORT

Indemnifying and insurance of Directors and other Officers

The Company has paid a premium for Directors' and Officers' Liability (Management Liability) Insurance.

Under the Company's constitution:

- i. To the extent permitted by law and subject to the restrictions in sections 199A and 199B of the Corporations Act 2001, the Company indemnifies every person who is or has been an officer of the Company against any liability (other than for legal costs) incurred by that person as an officer of the Company.
- ii. To the extent permitted by law and subject to the restrictions in sections 199A and 199B of the Corporations Act 2001, the Company indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Company.

The Company insures its Directors, Company Secretary and executive officers under a Directors and Officers Insurance policy. Under the Company's Directors and Officers Insurance Policy, the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

Directors and Company Secretary

Names, qualifications, experience and special responsibilities

Geoffrey Cumming	Non-executive Chairman, appointed Non-executive Director 27 January 2006, appointed Non-executive Chairman 9 June 2006.
Qualifications	BSc (Hons), BAppSc, MAICD, MBA, Ph.D.
Experience	Geoff has held senior roles in the global healthcare and biotechnology sector for more than 20 years. As Managing Director, Roche Diagnostic Systems (Oceania), Geoff transformed the loss-making entity the Swiss parent was intending to divest, into the fastest growing and most profitable affiliate in the Roche group. In his role as Managing Director/CEO of Biosceptre International Ltd, Geoff was successful in designing and securing key funding arrangements through a skilful range of capital raising initiatives, including large government grants, partnering and co-development deals. His most recent executive role was as Managing Director / CEO of Anteo Diagnostics Ltd (ASX: ADO). He is currently a Non-executive Director of Anteo Diagnostics Ltd and was previously a Non-executive Director of Medical Australia Ltd (ASX: MLA), until November 2017.
Special Responsibilities	Member of the Audit & Risk Committee
Carl Stubbings	Non-executive Director, appointed 31 December 2011, Acting CEO from August 2016 to March 2017.
Qualifications	BSc
Experience	Carl has considerable experience commercialising diagnostic products, both locally and globally. Based in the USA for 13 years, he served as Senior Vice President for Panbio USA Ltd and Vice-President of Sales and Marketing for Focus Diagnostics, a subsidiary of Quest Diagnostics, one of the world's largest pathology laboratories. In July 2012, Carl moved back to Australia where he was appointed Chief Business Officer at Benitec Biopharma Limited (ASX: BLT, NASDAQ: BNTC). More recently he has been assisting several Australian biotech companies with their commercialisation strategies. These companies include BCAL Diagnostics, a start-up company developing a blood test for breast cancer, Minomic, an Immuno Oncology company with a test for prostate cancer, and Biotron (ASX: BIT), a listed company that is developing and commercialising anti-viral small molecule therapies. Carl was previously a Non-executive Director of ASX listed medical device company Analytica Medical Limited (ASX:ALT), until November 2017.
Special Responsibilities	Chair of the Remuneration Committee

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

DIRECTORS' REPORT

Directors and Company Secretary (Continued)

David J. Earp	Non-executive Director, appointed 1 December 2012
Qualifications	BSc (Hons), J.D., Ph.D.
Experience	David is the president, CEO and a director of Circle Pharma, an early stage biotechnology company developing macrocycle therapeutics, located in San Francisco. From 1999 until 2012, David served in various roles at Geron Corporation (NASDAQ:GERN), including Chief Patent Counsel, Chief Legal Officer and Senior Vice President of Corporate Transactions. From 2005 to 2010, David was a Board member of TA Therapeutics Ltd. (Hong Kong, PRC). He served on the Board of ViaGen Corporation (Austin, Texas) from 2008-2012, including as Executive Chairman from 2010 until the company was acquired in a trade sale. Earlier in his career, he was a partner in an intellectual property law firm, advising life science clients. David holds a BSc with First Class Honours from Leeds University (UK), a PhD in biochemistry from Cambridge University (UK) and a JD from Lewis and Clark Northwestern School of Law (Portland, Oregon).
Special Responsibilities	Member of the Audit & Risk and Remuneration Committees
John Chiplin	Non-executive Director, appointed 22 January 2016
Qualifications	BPharm, MRPharm, Ph.D.
Experience	John is an experienced healthcare executive who brings considerable capital markets experience to the Sienna Board. His most recent executive position was CEO of Polynoma LLC, a US based cancer immunotherapy company, and he was formerly the founding CEO of ASX listed Arana Therapeutics Limited prior to that company's acquisition by Cephalon (now Teva). Before his appointment at Arana, Dr Chiplin was head of the UK's \$300M ITI Life Science investment fund. He is currently a Non-executive Director of ASX listed biotechnology companies Cynata Therapeutics Limited (ASX:CYP) and Adalta Limited (ASX:1AD), and was previously a Non-executive Director of Benitec Biopharma Limited (ASX:BLT, NASDAQ:BNTC), until October 2017. He is the Chairman of UK AIM listed company Scancell Holdings Plc (AIM:SCLP). Dr Chiplin is also the founder and Managing Director of Newstar Ventures, an early stage investment fund.
Special Responsibilities	Member of the Remuneration Committee
Helen Fisher	Non-executive Director, appointed 28 March 2018
Qualifications	BSc, LLB (Hons), LLM, MCom
	Helen is a passionate leader with a rare combination of financial expertise, and deep knowledge and global networks in the Life Sciences industry. Helen is CEO and Managing Director of Bio Capital Impact Fund and a director of NovellusDx, a personalised cancer diagnostics company. Prior to establishing the Fund, Helen was a partner of Deloitte and led Deloitte's Life Sciences industry practice in Australia for 5 years, having had many years' experience in the Life Sciences and Health Care industry. She also specialised in the Financial Services Industry, servicing some of the largest banks and funds in the Funds Management industry and has been involved in setting up a number of large international funds, as well as advised on a number of significant M&A deals.
	Helen provided strategic tax advice to publicly listed and large multinational companies and has extensive experience with capital raisings, licensing deals, demergers, implementing offshore structures, IP management and location, and supply chain management. Helen has Bachelor degrees in Law (with Honours) and Science from the University of Melbourne, a Masters degree in Laws (specialising in International Taxation) from the University of Melbourne and a Masters degree in Commerce from the University of NSW. Helen is a Chartered Tax Adviser and an affiliate member of Chartered Accountants Australia and New Zealand. Helen is the Chair of the Victorian branch of AusBiotech.
Special Responsibilities	Chair of the Audit & Risk Committee

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

DIRECTORS' REPORT

Tony Di Pietro	Company Secretary, appointed 25 February 2015
Qualifications	BComm, CA, AGIA
Experience	Tony commenced in the role of Chief Financial Officer in November 2014 and was appointed Company Secretary in February 2015. He is a chartered accountant with significant corporate accounting experience, gained both in Australia and the UK. He also holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Tony's experience spans many industries including biotechnology, resources, banking, patient transport, security and parking, having been employed by companies such as BHP Ltd (Now BHP Billiton Ltd), ExxonMobil Ltd, HSBC Ltd and Wilson Group. Prior to his appointment at Sienna, Tony was employed at Acrux Limited, where he was a key member of management for more than 10 years. During this period, Acrux transitioned from a small loss-making public company to an ASX listed company generating significant profits.

Meetings of Directors and Committees

The Board utilises the following committees to make recommendations on governance and strategic matters. The Audit & Risk and Remuneration Committees make recommendations to the Board.

- *Audit and Risk Committee*
Chaired by David Earp until 28 March 2018 when the role was handed to Helen Fisher upon her appointment. Since 28 March 2018 the committee comprises Helen Fisher, David Earp and Geoffrey Cumming.
- *Remuneration Committee*
Chaired by Carl Stubbings and comprising David Earp and John Chiplin.

The following table sets out the number of Director and Committee meetings of the Company held during the financial year, and the number of meetings attended by each Director.

Director	Directors' Meetings		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Geoffrey Cumming	16	16	2	2	-	-
Carl Stubbings	16	16	-	-	2	2
David Earp	16	15	2	2	2	2
John Chiplin	16	13	-	-	2	2
Helen Fisher ¹	3	2	-	-	-	-

¹ Appointed 28 March 2018.

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

The Remuneration Report, which forms part of the Directors' report, sets out information about the remuneration of the Company's Directors and its Key Management Personnel for the financial year ended 30 June 2018.

Names and positions held by Directors and Key Management Personnel at any time during the financial year are:

Name	Position	Date appointed to position
Dr Geoffrey Cumming	Non-Executive Chairman	9 June 2006
Mr Carl Stubbings	Non-Executive Director	31 December 2011
Dr David Earp	Non-Executive Director	1 December 2012
Dr John Chiplin	Non-Executive Director	22 January 2016
Ms Helen Fisher	Non- Executive Director	28 March 2018
Mr Matthew Hoskin	Chief Executive Officer (CEO)	1 April 2017

Directors' and Key Management Personnel Interests in Ordinary Shares and Options

Directors' and Key Management Personnel's interests in the ordinary shares of Sienna Cancer Diagnostics Ltd and options over ordinary shares as at the date of this report are detailed below:

Name	Position	Total Number of Ordinary Shares	Total Number of Options
Dr Geoffrey Cumming	Non-Executive Chairman	848,860 ¹	600,000 ⁴
Mr Carl Stubbings	Non-Executive Director	113,975 ²	400,000 ⁴
Dr David Earp	Non-Executive Director	133,334 ³	400,000 ⁴
Dr John Chiplin	Non-Executive Director	125,000	-
Ms Helen Fisher	Non-Executive Director	-	-
Mr Matthew Hoskin	CEO	-	4,300,000 ⁵
Total		1,221,169	5,700,000

¹ A total of 237,225 of these shares were compulsorily escrowed by the ASX for a 24-month period from the ASX listing date, 3 August 2017.

² A total of 28,494 of these shares were compulsorily escrowed by the ASX for a 24-month period from the ASX listing date, 3 August 2017.

³ A total of 33,334 of these shares were compulsorily escrowed by the ASX for a 24-month period from the ASX listing date, 3 August 2017.

⁴ Any shares issued from the exercise of these options will be compulsorily escrowed by the ASX until the second anniversary of the ASX listing date, 3 August 2019.

⁵ Any shares issued from the exercise of 2,500,000 options granted to Mr. Hoskin on 1 April 2017 will be compulsorily escrowed by the ASX until the second anniversary of the ASX listing date, 3 August 2019.

Remuneration Policy

The aim of the Company's remuneration policy is to align the interests of directors and employees with those of shareholders. To do this Sienna:

- Sets remuneration levels that attract and retain highly skilled and experienced directors and employees; and
- Motivates and rewards performance that advances the Company's strategic goals.

Remuneration Structure

The remuneration of Key Management Personnel and employees is structured in two parts:

- Fixed Remuneration, comprising: base salary, superannuation (payable under the Superannuation Guarantee Act) and other benefits in lieu of salary; and
- Variable Remuneration, which may comprise: a short-term incentive bonus (cash) and a long-term incentive in the form of options under the ESOP.

The Company aims to set the level of fixed remuneration at market levels for comparable jobs, in similarly structured and sized companies in the industry in which the Company operates. No advice from a remuneration consultant was sought during the financial year for the Company's remuneration structure.

DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Short-Term Incentive Plan

The short-term incentive plan provides an incentive to employees to achieve an annual cash bonus on the achievement of corporate goals set at the beginning of each calendar year. These corporate goals are clearly defined, drive shareholder value and can be objectively measured. The percentage of an employee's base salary that can be earned through the Short-Term Incentive Plan (STIP) is set by the Board for Key Management Personnel and by Key Management Personnel for all other employees. At the end of the calendar year the Board assesses the level of achievement of these corporate goals. Payments made pursuant to the STIP are at the discretion of the Board.

Long-Term Incentive Plan

The purpose of the long-term incentive plan is to align the interests of directors, key management personnel and employees with those of the shareholders and provide reward for sustained achievement of the Group's strategic objectives. Sienna's long-term incentive plan is implemented through the Employee Share Option Plan (ESOP).

The key terms of the ESOP are:

- Options vest in three equal tranches from the issue date: the first tranche 12 months from the issue date, the second tranche 24 months from the issue date, and the third tranche 36 months from the issue date.
- Should options vest, they expire 4 or 5 years from issue date.
- Options lapse 60 days following resignation or termination of employment, other than death, permanent medical disability, mental incapacity or retirement upon achievement of the customary retirement age.
- The sum of all unexpired options issued under this plan may not at any time exceed 15% of the issued share capital of Sienna.
- The exercise price of new options will be set at a price that is greater than the weighted average price at which ordinary shares in Sienna have traded on the ASX over the 30 days before the date on which the option is granted, and
- The Directors may, from time to time add to or vary the plan rules, provided that the additions or variations do not reduce a participants' rights or entitlements in respect of any option granted before the date of alteration or addition unless prior written approval is obtained from the affected participant.

Note 20 to the financial statements provides details of the options issued under the ESOP.

Non-executive Director Remuneration

The Remuneration Committee considers the level of remuneration necessary to attract and retain Directors with the skills and experience required by the Company at its stage of development. The Committee makes recommendations to the Board.

Non-executive Directors fees are paid within an aggregate limit which is approved by the shareholders from time to time. The current limit of \$300,000 for Non-executive Director fees was approved by shareholders at the 2015 Annual General Meeting (AGM). No retirement payments are made to Non-executive Directors. Non-executive Directors do not receive any additional remuneration for being Board Committee members. Non-executive Directors participate in the company's ESOP.

From 3 August 2017, the date of the Company's ASX listing, Non-executive Directors' annual fees were increased as follows:

- Australian-based Non-executive Chairman: \$75,000 per annum (previously \$50,000) plus 9.5% superannuation;
- Australian-based Non-executive Directors: \$50,000 per annum (previously \$25,000) plus 9.5 % superannuation;
- United States-based Non-executive Directors: \$54,750 per annum (previously \$27,375).

No options were issued to Directors under the ESOP during the 2018 financial year and no ordinary shares were issued to Directors on exercise of any options issued under ESOP.

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Key Management Personnel Remuneration

Key Terms of the CEO's employment contract

Matthew Hoskin is employed under an executive employment agreement dated 1 April 2017. The key terms of the agreement are:

- Remuneration: Fixed remuneration, which at the date of the Directors' Report was \$289,800 per annum plus mandatory statutory superannuation contributions payable under the Superannuation Guarantee Act.
- Short Term Incentive: A maximum cash payment of 20% of base salary earned for the calendar year can be attained on the achievement of annual corporate goals set by the Board.
- Intellectual Property: All intellectual property developed by Matthew in connection with his services remains the property of the Company.
- Termination: The agreement may be terminated by either party by the giving of 3 months' notice.

Mr. Hoskin is eligible to participate in Sienna's ESOP and holds a total of 4,300,000 options under the plan at the date of this report:

- 2,500,000 issued in April 2017 (at the commencement of his role as CEO), exercisable at 24.3 cents, expiring in April 2022; (Any shares issued from the exercise of these options will be compulsorily escrowed by the ASX until 3 August 2019).
- 300,000 issued in August 2017, exercisable at 25 cents, expiring in August 2021.
- 1,500,000 issued in May 2018, exercisable at 12.5 cents, expiring in May 2023.

Details of the remuneration of Directors and Key Management Personnel for the 2018 financial year are provided below:

	Cash salary and fees	Short-term Benefits		Consultancy	Post-employment	Equity - based compensation	Total	% of Perform Based Rem
		Cash bonus	Non-monetary benefits		Superannuation	Options*		
	\$	\$	\$	\$	\$	\$	\$	
Non-Executive Directors								
Geoffrey Cumming	72,894	-	-	-	6,925	-	79,819	-
Carl Stubbings	47,842	-	-	-	4,545	-	52,387	-
David Earp	52,388	-	-	-	-	-	52,388	-
John Chiplin	52,388	-	-	-	-	-	52,388	-
Helen Fisher ¹	13,048	-	-	-	1,240	-	14,288	-
CEO								
Matthew Hoskin	278,911	20,500	-	-	20,049	55,923	375,383	5.5%
	517,471	20,500	-	-	32,759	55,923	626,653	3.3%

* The methodology used to value the options is detailed in Note 1 I. of the Financial Statements.

¹ Appointed 28 March 2018.

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Details of the remuneration of Directors and Key Management Personnel for the 2017 financial year are provided below:

	Cash salary and fees	Short-term Benefits		Consultancy	Post-employment Superannuation	Equity - based compensation	Total	% of Perform Based Rem
		Cash bonus	Non-monetary benefits			Options*		
	\$	\$	\$	\$	\$	\$	\$	
Non-Executive Directors								
Geoffrey Cumming	50,000	-	-	-	4,750	997	55,747	-
Carl Stubbings	25,000	-	-	-	2,375	584	27,959	-
David Earp	27,375	-	-	-	-	579	27,954	-
John Chiplin	27,373	-	-	-	-	-	27,373	-
David Neate ¹	22,294	-	-	-	2,118	980	25,392	-
Key Management Personnel								
Matthew Hoskin ²	214,171	6,150	-	-	18,677	13,612	252,610	2%
Managing Director and CEO								
Clifford Holloway ³	33,572	-	-	-	2,607	-	36,179	-
	399,785	6,150	-	-	30,527	16,752	453,214	1%

*The methodology used to value the options is detailed in Note 1 I. of the Financial Statements.

¹ Resigned 23 May 2017.

² Mr Hoskin held the position of Chief Operating Officer (COO) prior to his appointment to the role of CEO on 1 April 2017. While employed in the role of COO he was considered a member of Key Management Personnel.

³ Resigned as Managing Director on 11 August 2016 and CEO on 15 August 2016.

Option Holdings

The number of options over ordinary shares in the Company held during and at the end of the financial year by each Director and Key Management Personnel, including related parties, are set out below:

	Balance at	Granted during	Forfeited or lapsed		Vested and exercisable at	Unvested at end of
	Beginning of Year	year	Exercised during year	during year	end of year	year
Non-Executive Directors						
Geoffrey Cumming	600,000	-	-	-	600,000	600,000
Carl Stubbings	400,000	-	-	-	400,000	400,000
David Earp	400,000	-	-	-	400,000	400,000
John Chiplin	-	-	-	-	-	-
Helen Fisher	-	-	-	-	-	-
CEO						
Matthew Hoskin	4,000,000	1,800,000	-	(1,500,000)	4,300,000	833,333
	5,400,000	1,800,000	-	(1,500,000)	5,700,000	2,233,333
						3,466,667

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

DIRECTORS' REPORT REMUNERATION REPORT (AUDITED)

Shareholdings

The number of ordinary shares in the Company held during and at the end of the 2018 financial year by each Director and Key Management Personnel of the Group, including related parties, are set out below:

	Balance at Beginning of Year	Share-based compensation	Exercise of Options	Other transactions with Company	On-market and other transactions	Balance at End of Year
Non-Executive Directors						
Geoffrey Cumming	823,860	-	-	-	25,000	848,860
Carl Stubbings	113,975	-	-	-	-	113,975
David Earp	133,334	-	-	-	-	133,334
John Chiplin	-	-	-	-	125,000	125,000
Helen Fisher ¹	-	-	-	-	-	-
CEO						
Matthew Hoskin	-	-	-	-	-	-
	1,071,169	-	-	-	150,000	1,221,169

¹ Appointed 28 March 2018.

The numbers of ordinary shares in the Company held during and at the end of the 2017 financial year by each Director and Key Management Personnel of the Group, including related parties, are set out below:

	Balance at Beginning of Year	Share-based compensation	Exercise of Options	Other transactions with Company	On-market and other transactions	Balance at End of Year
Non-Executive Directors						
Geoffrey Cumming	823,860	-	-	-	-	823,860
Carl Stubbings	113,975	-	-	-	-	113,975
David Earp	133,334	-	-	-	-	133,334
John Chiplin	-	-	-	-	-	-
David Neate ¹	17,002,970	-	-	-	-	17,002,970
CEO						
Matthew Hoskin ²	-	-	-	-	-	-
Managing Director and CEO						
Clifford Holloway ³	-	-	-	-	-	-
	18,074,139	-	-	-	-	18,074,139

¹ Resigned 23 May 2017.

² Mr. Hoskin held the position of Chief Operating Officer (COO) prior to his appointment to the role of CEO on 1 April 2017. While employed in the role of COO he was considered a member of Key Management Personnel.

³ Resigned as Managing Director on 11 August 2016 and CEO on 15 August 2016.

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

DIRECTORS' REPORT

Voting and comments made at the Company's 2017 Annual General Meeting

At the 2017 Annual General Meeting, approximately 94% of votes cast were in favour of the Remuneration Report for the financial year ended 30 June 2017. No specific feedback in relation to the report was received from shareholders in attendance or otherwise.

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



Geoffrey J. Cumming
Non-executive Chairman



Helen Fisher
Non-executive Director

Melbourne, Australia
Dated this 23rd day of August 2018.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF SIENNA CANCER DIAGNOSTICS LIMITED**

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2018 there have been:

- i. no contraventions of the auditors' independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.


Walker Wayland NSW
Chartered Accountants


Wali Aziz
Partner

Dated this 23rd day of August 2018, Sydney

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Product revenue		527,845	803,574
Cost of Sales		(58,998)	(45,190)
GROSS PROFIT		468,847	758,384
OTHER REVENUE AND OPERATING EXPENDITURES			
Research and Development Tax Incentive refund		631,691	637,523
Grant, interest and other income	4	135,691	15,848
Employee and contractor costs	5	(2,086,205)	(1,497,812)
Administration	5	(621,513)	(336,636)
Research and development		(247,027)	(519,859)
Insurance		(164,668)	(46,634)
Travel and meetings		(167,810)	(72,328)
Doubtful debts	9,21	-	(202,635)
Depreciation and amortisation	5,11,12	(130,559)	(78,520)
Other expenses from ordinary activities		(641)	(8,250)
		(2,651,041)	(2,109,303)
Loss before capitalised development expenditure and income tax		(2,182,194)	(1,350,919)
Capitalisation of development expenditure	11	-	655,609
LOSS BEFORE INCOME TAX		(2,182,194)	(695,310)
Income tax expense	6	-	-
LOSS FOR THE YEAR		(2,182,194)	(695,310)
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,182,194)	(695,310)
LOSS PER SHARE			
Basic loss per share (cents per share)	7	(0.01)	(0.00)
Diluted loss per share (cents per share)	7	(0.01)	(0.00)

The accompanying notes form part of these financial statements

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	8	2,691,141	720,399
Trade and other receivables	9	124,008	128,235
Inventories		15,919	-
Other assets	10	172,000	224,107
TOTAL CURRENT ASSETS		3,003,068	1,072,741
NON-CURRENT ASSETS			
Intangibles	11	2,239,435	2,266,415
Property, plant and equipment	12	28,174	36,587
TOTAL NON-CURRENT ASSETS		2,267,609	2,303,002
TOTAL ASSETS		5,270,677	3,375,743
CURRENT LIABILITIES			
Trade and other payables	13	314,360	622,601
Provisions	14	113,132	84,821
TOTAL CURRENT LIABILITIES		427,492	707,422
NON-CURRENT LIABILITIES			
Provisions	14	47,658	24,191
TOTAL NON-CURRENT LIABILITIES		47,658	24,191
TOTAL LIABILITIES		475,150	731,613
NET ASSETS		4,795,527	2,644,130
EQUITY			
Issued capital	15	21,009,497	16,747,019
Reserves	16	173,017	132,762
Accumulated losses	17	(16,386,987)	(14,235,651)
TOTAL EQUITY		4,795,527	2,644,130

The accompanying notes form part of these financial statements

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
BALANCE AT 30 JUNE 2016	15,588,927	140,911	(13,546,541)	2,183,297
Loss for the year	-	-	(695,310)	(695,310)
Other Comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(695,310)	(695,310)
Share-based payments expense	-	(8,149)	6,200	(1,949)
Shares issued (net of issue costs)	1,158,092	-	-	1,158,092
BALANCE AT 30 JUNE 2017	16,747,019	132,762	(14,235,651)	2,644,130
Loss for the year	-	-	(2,182,194)	(2,182,194)
Other Comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,182,194)	(2,182,194)
Share-based payments expense	-	40,255	30,858	71,113
Share issued (net of issue costs)	4,262,478	-	-	4,262,478
BALANCE AT 30 JUNE 2018	21,009,497	173,017	(16,386,987)	4,795,527

The accompanying notes form part of these financial statements

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities		649,185	646,904
Receipts from the research and development tax incentive		631,691	637,523
Interest and grant income received		125,039	15,104
Payments to suppliers and employees		(3,602,485)	(2,092,338)
Net cash used in operating activities	18(b)	(2,196,570)	(792,807)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangibles		(81,124)	(56,741)
Purchase of property, plant and equipment		(14,042)	(13,193)
Payment for capitalised development costs		-	(653,877)
Net cash used in investing activities		(95,166)	(723,811)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		4,597,600	1,231,426
Payment of share issue costs		(335,122)	(73,334)
Net cash provided by financing activities		4,262,478	1,158,092
NET INCREASE/(DECREASE) IN CASH HELD			
Cash and cash equivalent at beginning of financial year		720,399	1,080,657
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	(1,732)
CASH AND CASH EQUIVALENT AT END OF FINANCIAL YEAR	18(a)	2,691,141	720,399

The accompanying notes form part of these financial statements

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Sienna Cancer Diagnostics Limited and Controlled Entities (the 'Consolidated Group' or 'Group').

The separate financial statements of the parent entity, Sienna Cancer Diagnostics Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001. Note 2 provides some parent entity financial statement disclosure.

The financial report covers the economic entities of Sienna Cancer Diagnostics Limited and its controlled entities as an economic entity.

The financial statements were authorised for issue on 23rd August 2018 by the Directors of the Company.

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

Basis of Preparation

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities.

Accounting Policies

a. Going Concern

The financial report has been prepared on a going concern basis. The Company recorded a total comprehensive loss of \$2,182,194 (2017: \$695,310) and an outflow of cash from operating activities of \$2,196,570 (2017: \$792,807) for the reporting period. At 30 June 2018, the Group had net assets of \$4,795,527 (2017: \$2,644,130) and cash reserves of \$2,691,141 (2017: \$720,399). During the reporting period the Company received \$4,597,600 from the issue of new ordinary shares via a prospectus before listing on the Australian Stock Exchange (ASX).

Subsequent to the end of the financial year the Company announced on 20 July 2018 that it had finalised terms for a \$5.2 million capital raise (before expenses), comprising a \$1.6 million placement as well as a \$3.6 million rights issue offer to existing shareholders via the issue of new ordinary shares priced at 6 cents per share. Funds from the placement were received during the week ending 27 July 2018. Funds from the rights issue offer are anticipated to be received by the end of August 2018. Funds raised by the institutional placement and rights issue offer are intended to be used to accelerate the Company's portfolio expansion strategy which may include the acquisition of complementary technologies to expand the Company's commercialisation pipeline and provide additional working capital.

Based on the cashflow forecasts provided by management, which incorporate the receipt of funds from the capital raising initiatives, the Board believes the Company will be sufficiently funded to execute its current strategies for at least the next 2 years.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****b. Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available, against which deductible temporary differences can be utilised. No deferred tax assets have been recognised on the balance sheet as at 30 June 2018, as the probability of deriving a benefit is uncertain.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the expectation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Revenue Recognition

Revenue is recognised at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Interest Income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Product Revenue

Revenue from product agreements is made up of:

- Royalties based on the number of laboratory tests conducted by commercial partners. Royalty revenue is recognised in the period in which the laboratory tests occur.
- Revenue from the supply of product. Revenue from the supply of product is recognised in the period in which the product is supplied.
- Revenue arising as the result of a milestone (such as the signing of a commercial agreement). Revenue relating to milestones is recognised upon achievement of the milestone, which is the trigger point for the right to receive the revenue.

Revenue from the refund of the federal government's Research and Development Tax Incentive program is recognised when it is received.

Revenue from government grants is recognised upon receipt, which is once the allowable expenditures have been paid.

Other revenue is recognised as received or over the period to which it relates.

d. Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquiring the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

Cash flow is included in the statement of cash flow on a gross basis. The GST components of cash flow arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flow.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****e. Property, Plant and Equipment**

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

Plant & Equipment

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including building and capitalised lease assets but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Items of property, plant and equipment, are depreciated over their estimated useful lives.

The depreciation rates for each class of asset are:

<i>Class of Non-Current Asset</i>	<i>Depreciation Rate</i>
Office Furniture and Equipment	5.00% - 50.00% straight line
Research Equipment	6.67% and 25.00% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f. Impairment of Assets

At each reporting date the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for intangible assets with both finite and indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

h. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

i. Investments

Non-current investments are measured at cost. The carrying amount of non-current investments is reviewed annually by Officers of the Group to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets of the investment. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****j. Intangibles***Patents*

Patents are recognised at cost of acquisition or the cost of application and grant. Patents have a finite life and are recognised on the balance sheet at cost less any accumulated amortisation and any impairment losses. No amortisation expense has been recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ending 30 June 2018 (2017: Nil), as no patent had been granted at 30 June 2018.

Patents are amortised on a straight line basis over the term of the patent commencing from the time the patent is registered.

Trademarks

Trademarks are recognised at the cost of application and grant. Trademarks generally have an infinite life and are recognised on the balance sheet net of any impairment.

Research and development

Research and Development Expenditure during the research phase of a project is recognised as an expense when incurred. Product development costs are capitalised only when each of the following specific criteria has been satisfied:

1. Technical feasibility of completing development of the product and obtaining approval by regulatory authorities.
2. Ability to secure a commercial partner for the product.
3. Availability of adequate technical, financial and other resources to complete development of the product, obtain regulatory approval and secure a commercial partner.
4. Reliable measurement of expenditure attributable to the product during its development.
5. High probability of the product entering a major diagnostic market.

Capitalised development costs have a finite life and are amortised on a systematic basis over the period from when the product becomes available for use and ceases at the earlier of the date the asset is expected to exit the market or that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with AASB 5.

Amortisation of the capitalised development expenditure for SCD-A7 commenced 21 December 2016, the date the product became available for sale. A 20-year period of amortisation has been determined for the development expenditure of SCD-A7. This is the period in which the Group is expected to derive economic benefits. The basis of amortisation is reviewed annually to assess whether it remains an appropriate amortisation period.

k. Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable and other creditors are normally settled within 60 days.

l. Employee Entitlements*Short-term and long-term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

Share-based compensation

The Group operates a share-based compensation plan. This consists of an employee share option plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Financial Instruments

Recognition

Financial instruments are initially measured at cost on transaction date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

n. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

Capitalised development expenditure

The Board and Officers of the Group are required to use judgement when determining whether the recognition requirements for the capitalisation of development expenditure are met. The Intangible Asset balance on the Consolidated Statement of Financial Position includes a total of \$2,059,922 (2017: \$2,168,026) of capitalised development expenditure for SCD-A7. Capitalised development expenditure is disclosed in Note 11 'Intangible Assets'. The Board and Officers periodically assess whether there are any indicators that capitalised expenditure may be impaired. No further expenditure for SCD-A7 is to be capitalised, as the product became available for sale to customers on 21 December 2016 (2017: a total of \$655,609 of development expenditure was capitalised, made up of \$359,264 of development expenditure, \$260,786 of employee and contractor costs and \$35,559 of other related expenditure). The Board and officers have determined a 20 year period of amortisation for these development expenditures, the period in which the Group expects to derive future economic benefits.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. No impairment expense was recorded for the 2018 or 2017 financial years.

Share-based payments

Sienna operates an Employee Share Option Plan (ESOP). The non-cash expense of issuing these options is calculated using a Binomial option pricing model. This model requires the input of a number of variables including an estimate of future volatility and a risk-free interest rate. Volatility is calculated using the historical volatility of either the shares of an ASX listed company operating in the same industry as the Group or the shares of Sienna (SDX) since listing on the ASX. The risk free interest rate used is the federal government's 10 year bond rate on the options grant date plus 2.5%.

Employee entitlements

The calculation of long service leave benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of these benefits. Historical trends are used to estimate these factors.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities using a three level hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****o. Critical Accounting Estimates and Judgments (Continued)**

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

p. Adoption of New and Revised Accounting Standards

During the current year, the Group has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has not impacted the financial statements.

q. New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors do not expect the adoption of AASB 9 to have material impact on the Group's financial statements or disclosures.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The directors do not expect the adoption of AASB 15 to have a material impact on the Group's financial statements.

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. New Accounting Standards for Application in Future Periods (Continued)

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Group has undertaken a detailed assessment of the impact of AASB 16. Based on the Group's preliminary assessment, the likely impact on first time adoption of this standard includes an increase in right to use assets and lease liabilities recognised in the statement of financial position of \$23,354 for 30 June 2020.

NOTE 2: PARENT INFORMATION

STATEMENT OF FINANCIAL POSITION

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards.

	2018	2017
	\$	\$
ASSETS		
Current assets	2,982,996	1,052,668
Non-current assets	2,267,649	2,303,042
TOTAL ASSETS	5,250,645	3,355,710
LIABILITIES		
Current liabilities	427,493	707,422
Non-current liabilities	47,658	24,191
TOTAL LIABILITIES	475,151	731,613
EQUITY		
Issued Capital	21,009,497	16,747,019
Reserves	173,017	132,762
Accumulated losses	(16,407,020)	(14,255,684)
TOTAL EQUITY	4,775,494	2,624,097

STATEMENT OF COMPREHENSIVE INCOME

Total loss	(2,182,194)	(695,310)
TOTAL COMPREHENSIVE LOSS	(2,182,194)	(695,310)

Guarantees

The Parent Company has not entered into any guarantees in relation to its subsidiary.

Contingent liabilities

At 30 June 2018, the Parent Company had no contingent liabilities (2017: Nil).

These notes form part of the financial statements

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 3: CONTROLLED ENTITIES

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)*	
		2018	2017
Melbourne Diagnostics Pty Limited	Australia	100%	100%

* Percentage of voting power in proportion to ownership

NOTE 4: OTHER REVENUE

Grant, interest and other revenue:

	2018	2017
	\$	\$
- Grant revenue	59,578	-
- Interest – third parties	70,785	15,848
- Net foreign currency gain	5,328	-
Total other revenue	135,691	15,848

NOTE 5: LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

Loss from ordinary activities before income tax after charging the following items:

Employee and contractor costs		
- Staff salaries and wages	1,376,640	1,160,881
- Directors' fees	238,559	152,042
- Contractor fees	168,318	43,196
- Superannuation	130,859	112,940
- Share-based payments (credit)/expense	71,113	(1,949)
- Other employment expenses	100,716	30,702
Per Consolidated Statement of Profit or Loss	2,086,205	1,497,812
Administration		
- Rental expense on operating lease	64,377	63,293
- Legal fees	3,904	138,328
- ASX listing and transaction fees plus share registry fees	160,538	4,282
- Investor/public relations expenditure	150,639	4,428
- Other administration expenses	242,055	126,305
Per Consolidated Statement of Profit or Loss	621,513	336,636
Depreciation and amortisation		
- Depreciation of plant and equipment	19,641	15,494
- Amortisation of building improvements	2,814	4,464
- Amortisation of Capitalised Development Expenditure – See note 11	108,104	58,562
Per Consolidated Statement of Profit or Loss	130,559	78,520

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 6: INCOME TAX RELATING TO ORDINARY ACTIVITIES		
Prima facie income tax benefit from ordinary activities after significant items and before income tax at 27.5% (2017: 27.5%)	(600,103)	(191,210)
Add/(subtract) tax effect:		
- Share option expense/(credit)	19,556	(536)
- Research and development tax incentive	(173,715)	(175,319)
- Amortisation of capitalised development expenses	29,728	16,105
- Tax losses and temporary differences not brought to account	724,534	350,960
Deferred tax assets not brought to account	-	-

Estimated temporary differences total \$107,570 as at 30 June 2018 (2017: \$90,167). Estimated total tax losses not brought to account total \$1,726,204 at 30 June 2018 (2017: \$1,279,060). Total estimated tax losses are the sum of the carried forward tax losses reported in the Group's corporate tax returns lodged with the Australian Taxation Office for the prior financial year plus the amount calculated above for the reporting period.

NOTE 7: LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

Loss used in calculating basic and diluted earnings per share	(2,182,194)	(695,310)
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	2018	2017
	No. of shares	No. of shares
Weighted average number of ordinary shares used in calculating basic loss per share	178,309,922	153,405,704
Basic and diluted loss per share (cents)	(0.01)	(0.00)

Calculation of diluted loss per share

Potential ordinary shares are considered to be antidilutive, therefore diluted loss per share is equivalent to the basic loss per share.

	2018	2017
	\$	\$
NOTE 8: CASH AND CASH EQUIVALENTS		
Cash on hand	40	40
Cash at bank	991,101	220,359
Term Deposits	1,700,000*	500,000
	2,691,141	720,399

Term deposits are made up of two deposits:

- \$500,000, maturing 3 July 2018, earning 2.48% per annum;
- \$1,200,000, maturing 30 July 2018, earning 2.59% per annum.

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	\$	\$
NOTE 9: TRADE AND OTHER RECEIVABLES		
Trade receivables	294,667	260,675
Allowance for doubtful debts	(209,659)	(202,635)
	<u>85,008</u>	<u>58,040</u>
Other receivables	39,000	70,195
	<u>124,008</u>	<u>128,235</u>

Credit Risk – Trade Debtors

During the financial year ending 30 June 2017 the Group recognised an allowance for doubtful debts following the announcement that Bostwick Laboratories Inc., a significant debtor, had entered Chapter 11 bankruptcy protection. As a result, the full amount owed by the debtor, US\$155,378 (\$202,635), was recognised as a doubtful debt. This provision for doubtful debts remains in place at 30 June 2018 as the Directors are unsure as to what amount, if any, will eventually be recovered from this debtor.

At 30 June 2018, the Group had a material credit risk exposure to a single Trade Debtor; the total amount due from this debtor was within the 45 day trading terms and has been subsequently paid.

	2018	2017
	\$	\$
NOTE 10: OTHER ASSETS		
Prepayments	172,000	224,107

NOTE 11: INTANGIBLE ASSETS

CAPITALISED DEVELOPMENT EXPENDITURE

SCD-A7™

- Employee and contractor costs	1,239,653	1,239,653
- External development costs	835,257	835,257
- Other capitalised expenses	151,678	151,678
Accumulated amortisation	(166,666)	(58,562)
	<u>2,059,922</u>	<u>2,168,026</u>

INTELLECTUAL PROPERTY

Patents – at cost	174,789	98,389
Accumulated amortisation	-	-
	<u>174,789</u>	<u>98,389</u>

Trademarks

4,724

2,239,435 2,266,415

Movement in Carrying Amounts

	Capitalised Development	Patents	Trademarks	Total
	\$	\$	\$	\$
Balance at the beginning of the year	2,168,026	98,389	-	2,266,415
Additions	-	76,400	4,724	81,124
Amortisation	(108,104)	-	-	(108,104)
Balance at the end of the year	<u>2,059,922</u>	<u>174,789</u>	<u>4,724</u>	<u>2,239,435</u>

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
NOTE 12: PROPERTY, PLANT AND EQUIPMENT		
Building Improvements – at cost	15,136	12,116
Accumulated Amortisation	(13,029)	(10,215)
	<u>2,107</u>	<u>1,901</u>
Office equipment – at cost	31,819	24,722
Accumulated depreciation	(14,273)	(6,778)
	<u>17,546</u>	<u>17,944</u>
Research equipment – at cost	50,667	46,742
Accumulated depreciation	(42,146)	(30,000)
	<u>8,521</u>	<u>16,742</u>
	<u>28,174</u>	<u>36,587</u>

Movement in Carrying Amounts

	Building Improvements \$	Office Equipment \$	Research Equipment \$	Total \$
Balance at the beginning of the year	1,901	17,944	16,742	36,587
Additions	3,020	7,097	3,925	14,042
Depreciation	(2,814)	(7,495)	(12,146)	(22,455)
Balance at the end of the year	<u>2,107</u>	<u>17,546</u>	<u>8,521</u>	<u>28,174</u>

	2018 \$	2017 \$
NOTE 13: TRADE AND OTHER PAYABLES		
Accruals	140,397	163,070
Trade and other payables	173,963	459,531
	<u>314,360</u>	<u>622,601</u>

NOTE 14: PROVISIONS

CURRENT

Provision for Annual Leave	88,341	71,921
Provision for Long Service Leave	24,791	12,900
	<u>113,132</u>	<u>84,821</u>

NON-CURRENT

Provision for Long Service Leave	<u>47,658</u>	<u>24,191</u>
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SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

	2018 No.	2017 No.	2018 \$	2017 \$
NOTE 15: ISSUED CAPITAL (NET)				
Ordinary shares fully paid	180,262,327	157,274,327	21,009,497	16,747,019
Balance at the beginning of the year	157,274,327	149,974,141	16,747,019	15,588,927
Issued during the year	22,988,000	7,300,186	4,597,600	1,231,426
Equity raising expenses	-	-	(335,122)	(73,334)
Balance at the end of the year	180,262,327	157,274,327	21,009,497	16,747,019

Ordinary shares are the only class of equity the Company has on issue. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Each ordinary shareholder present at a meeting in person or by proxy, is entitled to one vote on a show of hands and in the case of a poll one vote for every share held. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

The Company listed on the ASX on 3 August 2017, issuing 22,988,000 ordinary shares at 20 cents per share. During the prior comparative period, 6,819,906 ordinary shares were issued at 17 cents per share, and 480,280 ordinary shares were issued at 15 cents per share.

Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to equity holders. The Company does not have any interest-bearing debt. The primary objective of the Group's capital management is to maximise shareholder value. To maintain or adjust the capital structure the Directors may decide to return capital to shareholders or issue new shares. Management of the capital structure takes into account changes in economic conditions, industry developments and factors unique to Group itself.

	Notes	2018 \$	2017 \$
NOTE 16: RESERVES			
Equity-settled employee benefits reserve	20	173,017	132,762
Balance at the beginning of the year		132,762	140,911
Employee share options expense	5,20	71,113	36,870
Credit adjustment for options forfeited during the year	5,20	-	(38,819)
Vested options expensed in prior periods which expired	17	(30,858)	(6,200)
Balance at the end of the year		173,017	132,762
NOTE 17: ACCUMULATED LOSSES		(16,386,987)	(14,235,651)
Balance at the beginning of the year		(14,235,651)	(13,546,541)
Vested options expensed in prior periods which expired	16	30,858	6,200
Total comprehensive loss for the year		(2,182,194)	(695,310)
Balance at the end of the year		(16,386,987)	(14,235,651)

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 18: CASH FLOW INFORMATION

	2018	2017
	\$	\$
a. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Cash on hand	40	40
Cash at bank	2,691,101	720,359
	<u>2,691,141</u>	<u>720,399</u>
b. Reconciliation of cash flow from operating activities with loss from ordinary activities after income tax benefit		
Loss from ordinary activities after significant items and income tax	(2,182,194)	(695,310)
Non-cash items:		
- Depreciation and amortisation	130,559	78,520
- Expense/(credit) recognised in respect of equity-settled share-based payments	71,113	(1,949)
Changes in assets and liabilities:		
- Decrease/(increase) in trade and other receivables	4,227	(616)
- Increase in inventories	(15,919)	-
- Increase/(decrease) in provision for employee entitlements	51,778	(7,537)
- Decrease/(increase) in other assets	52,107	(173,934)
- (Decrease)/increase in trade and other payables	(308,241)	8,019
Net cash used in operating activities	<u>(2,196,570)</u>	<u>(792,807)</u>

NOTE 19: RELATED PARTY TRANSACTIONS

Directors

The names of each person holding the position of director of Sienna Cancer Diagnostics Limited during the year are: Dr Geoffrey Cumming, Mr Carl Stubbings, Dr David Earp, Dr John Chiplin, Ms Helen Fisher (appointed 28 March 2018). No director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year-end.

Directors' transactions with the Economic Entity

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

i. Transactions with Directors

	2018	2017
	\$	\$
	-	-

ii. Share Transactions of Directors

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following number of shares:

- Ordinary shares

	No.	No.
	1,221,169	1,071,169

iii. Related party option transactions

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following number of options over ordinary shares:

- Issued pursuant to Employee Share Option Plan

	No.	No.
	1,400,000	1,400,000

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 20: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2018:

Sienna Employee Share Option Plan:							
Number of Options	Exercise Price (\$)	Granted Date	Status	Vested Date	Expiry Date	Conditions	Note
1,300,000	\$0.220	27-Sep-14	Vested	27-Sep-15	27-Sep-18	Yes	1 & 2
1,300,000	\$0.220	27-Sep-14	Vested	27-Sep-16	27-Sep-18	Yes	1 & 2
110,000	\$0.220	12-Dec-14	Vested	12-Dec-15	12-Dec-18	Yes	1 & 2
110,000	\$0.220	12-Dec-14	Vested	12-Dec-16	12-Dec-18	Yes	1 & 2
110,000	\$0.220	12-Dec-14	Vested	12-Dec-17	12-Dec-18	Yes	1 & 2
500,000	\$0.220	29-Jun-15	Vested	11-Nov-15	11-Nov-18	Yes	1 & 2
500,000	\$0.220	29-Jun-15	Vested	11-Nov-16	11-Nov-18	Yes	1 & 2
500,000	\$0.220	29-Jun-15	Vested	11-Nov-17	11-Nov-18	Yes	1 & 2
110,000	\$0.220	29-Jun-15	Vested	16-Mar-16	16-Mar-19	Yes	1 & 2
110,000	\$0.220	29-Jun-15	Vested	16-Mar-17	16-Mar-19	Yes	1 & 2
110,000	\$0.220	29-Jun-15	Vested	16-Mar-18	16-Mar-19	Yes	1 & 2
290,000	\$0.220	11-Dec-15	Vested	11-Dec-16	11-Dec-19	Yes	1 & 2
290,000	\$0.220	11-Dec-15	Vested	11-Dec-17	11-Dec-19	Yes	1 & 2
290,000	\$0.220	11-Dec-15	Granted	11-Dec-18	11-Dec-19	Yes	1 & 2
110,000	\$0.220	13-May-16	Vested	13-May-17	13-May-20	Yes	1 & 2
110,000	\$0.220	13-May-16	Vested	13-May-18	13-May-20	Yes	1 & 2
110,000	\$0.220	13-May-16	Granted	13-May-19	13-May-20	Yes	1 & 2
833,333	\$0.243	1-Apr-17	Vested	1-Apr-18	1-Apr-22	Yes	1 & 2
833,333	\$0.243	1-Apr-17	Granted	1-Apr-19	1-Apr-22	Yes	1 & 2
833,334	\$0.243	1-Apr-17	Granted	1-Apr-20	1-Apr-22	Yes	1 & 2
200,000	\$0.250	3-Aug-17	Granted	3-Aug-18	2-Aug-21	Yes	1 & 2
200,000	\$0.250	3-Aug-17	Granted	3-Aug-19	2-Aug-21	Yes	1 & 2
200,000	\$0.250	3-Aug-17	Granted	3-Aug-20	2-Aug-21	Yes	1 & 2
330,000	\$0.250	22-Sep-17	Granted	22-Sep-18	21-Sep-21	Yes	1 & 2
330,000	\$0.250	22-Sep-17	Granted	22-Sep-19	21-Sep-21	Yes	1 & 2
330,000	\$0.250	22-Sep-17	Granted	22-Sep-20	21-Sep-21	Yes	1 & 2
733,333	\$0.125	3-May-18	Granted	3-May-19	3-May-23	Yes	1 & 2
733,333	\$0.125	3-May-18	Granted	3-May-20	3-May-23	Yes	1 & 2
733,334	\$0.125	3-May-18	Granted	3-May-21	3-May-23	Yes	1 & 2
12,250,000	Total ESOP Options						
Shareholder Options:							
Number of Options	Exercise Price (\$)	Granted Date	Status	Vested Date	Expiry Date	Conditions	Note
1,952,689	\$0.220	16-Jan-17	Vested	2-Apr-18	2-Oct-18	None	3
320,625	\$0.220	14-Feb-17	Vested	2-Apr-18	2-Oct-18	None	3
2,273,314	Total Shareholder Options						

Notes:

1. Issued under the terms of the Sienna Cancer Diagnostics Employee Share Options Program (ESOP).
2. Vesting basis: to remain employed by Sienna at vesting date (ranging from 12 to 36 months).
3. Issued pursuant to the 2016 rights issue document dated 30 November 2016.

All options granted are in respect of ordinary shares in Sienna Cancer Diagnostics Limited and confer a right of one ordinary share for each option held.

These notes form part of the financial statements

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 20: SHARE-BASED PAYMENTS (CONTINUED)

Movement in the number of share options on issue.

	2018		2017	
	Number of Options	Weighted Average Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)
Total Options				
Outstanding at the beginning of the year	12,803,314	\$0.224	12,730,000	\$0.220
Granted	3,790,000	\$0.177	4,773,314*	\$0.232
Forfeited	(210,000)	\$0.220	(4,500,000)	\$0.220
Exercised	-	-	-	-
Expired	(1,860,000)	\$0.220	(200,000)	\$0.170
Outstanding at year-end	14,523,314	\$0.213	12,803,314	\$0.224
Exercisable at year-end	8,666,647	\$0.222	6,440,000	\$0.220

* Includes 2,273,314 options granted to shareholders pursuant to the 30 November 2016 rights issue.

Options Reserve

The fair value of issued employee share options is calculated to be \$173,017 (2017: \$132,762). The number of options granted during the year pursuant to the ESOP was 3,790,000 (2017: 2,500,000), while 2,070,000 employee share options either expired or were forfeited during the financial year (2017: 4,700,000).

Included under employees and contractor costs in the statement of profit and loss and other comprehensive income is a share-based payments expense of \$71,113 (2017: credit of \$1,949), representing the expense for the current reporting period.

The value of employee share options issued during the financial year has been calculated by using a modified binomial option pricing model applying the following inputs:

Exercise prices	\$0.125 and \$0.25
Underlying share prices	Between \$0.085 and \$0.20
Days to expiration	1,440 to 1,805
Days to vesting	333 to 1,088
Expected share price volatility	Between 26.05% and 59.55%
Risk free interest rate	Between 5.04% and 5.33%

For options issued near the beginning of the financial year, a historical volatility of the shares for a company listed on the ASX which operates in the same industry group as Sienna Cancer Diagnostics Limited (SDX) was used as a basis for determining expected share price volatility for SDX. The Directors believed this to be fair representation of SDX volatility in the absence of volatility data for SDX at the time (SDX listed on the ASX on 3 August 2017). For options that were issued near the end of the financial year, the volatility of SDX's share price since the date of listing on the ASX was used as a basis for determining expected share price volatility for SDX.

Historical volatility is assumed to be indicative of future volatility however future volatility may not replicate historical volatility. The life of the options is based on the contracted expiry date.

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 21: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks and trade receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018 \$	2017 \$
Financial Assets			
Cash and cash equivalents	8	2,691,141	720,399
Trade and other receivables	9	124,008	128,235
		<hr/>	<hr/>
		2,815,149	848,634
Financial Liabilities			
Trade and other payables	13	314,360	622,601

During the financial year ending 30 June 2017 the Group recognised an allowance for doubtful debts following the announcement that Bostwick Laboratories Inc., a significant debtor, had entered Chapter 11 bankruptcy protection. As a result, the full amount owed by the debtor, US\$155,378 (\$202,635), was recognised as a doubtful debt. This provision for doubtful debts remains in place as the Directors are unsure as to what amount, if any, will eventually be recovered from this debtor. There are no other impaired assets within trade and other receivables; these balances, and the balance of trade and other payables, are expected to be settled within 60 days.

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

Financial Risk Management Policies

The Board are responsible for, among other issues, monitoring and managing financial risk exposures of the Group. The Board monitors the Group's transactions and reviews the effectiveness of controls relating to credit risk, financial risk, and interest rate risk. Discussions on monitoring and managing financial risk exposures are held regularly by the Board. The Board's overall risk management strategy seeks to ensure that the Group meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

The Group did not have any derivative instruments at 30 June 2018.

Specific Financial Risk Exposures and Management

a. Credit risk

- Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

- Credit risk is managed through maintaining procedures ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Credit risk exposures

- Cash reserves form the majority of the Group's financial assets. At 30 June 2018, cash was deposited with three financial institutions, including two large Australian banks and one foreign exchange market specialist, in order to spread risk and ensure interest rate competitiveness.

- At 30 June 2018, the Group had a material credit risk exposure to a single trade debtor, the United States distributor of the Company's invitro diagnostic product (IVD). The trade and other receivables recorded on the consolidated entity's balance sheet includes an amount of US\$63,000 from this trade debtor. This amount was within the 45 day trading terms agreed with the debtor and has subsequently been paid. Management regularly communicate with this debtor's senior staff and monitor the financial health of this debtor.

- During the 2017 financial year the Group became aware that Bostwick Laboratories Inc., a significant customer of the Company at the time, had filed for chapter 11 bankruptcy protection in the United States. As part of an auction and sale process facilitated by the bankruptcy courts, Poplar Healthcare PLLC completed the acquisition of the assets of Bostwick on 4 May 2017. Sienna has registered with the courts invoices for product incomes totalling USD155,370 (\$202,635) as an unsecured creditor of the chapter 11 filing. An allowance for doubtful debts for this amount was recorded in March 2017. This provision for doubtful debts remains on the balance sheet at 30 June 2018 as the Board remain unsure as to what amount, if any, will eventually be recovered from the chapter 11 filing.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018****NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)****Specific Financial Risk Exposures and Management (Continued)****b. Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with major financial institutions.

c. Market risk**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Exposure to interest rate risk arises on interest earned on cash equivalents only.

Sensitivity analysis

The balance of cash at banks was \$2,691,101 at 30 June 2018 (2017: \$720,359). A 1% change in the interest rate earned on these balances would change the comprehensive loss and equity of the Group by approximately \$27,000 (2017: \$7,000)

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group is not exposed to price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk due to revenue denominated in foreign currencies. Bank accounts denominated in US dollars and EUROS are maintained in order to facilitate receipts and payments. During the reporting period, exchange rate risk was managed by exchanging revenue in excess of US dollar expenditures using spot sales of US dollars.

Sensitivity analysis

Cash and cash equivalents at 30 June 2018 included \$35,430 (2017: \$10,865) denominated in US dollars and \$1,147 (2017: \$2,994) denominated in Euros. A change of 10% in the AUD/USD and AUD/EURO exchange rates at 30 June 2018 would change the comprehensive loss and equity of the Group by approximately \$3,700 (2017: \$1,400).

The balance of receivables at 30 June 2018 includes an amount of \$85,009 from a US debtor (2017: \$58,040). A change of 10% in the AUD/USD exchange rate at 30 June 2018 would change the comprehensive loss and equity of the Group by approximately \$8,500 (2017: \$5,850).

Other Sensitivity analysis

The Board considers that, other than interest and currency risk, there are no other material market risks requiring sensitivity analysis.

d. Fair Values**Fair value estimation**

The fair values of financial assets and financial liabilities are equal to their carrying value in the statement of financial position.

The fair values have been determined based on the following methodologies:

- Cash and cash equivalents, trade and other receivables, and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for / relating to annual leave which is not considered a financial instrument.
- All financial assets and liabilities are designated level 3 hierarchy fair value items except for cash and cash equivalents which is designated a level 1 hierarchy fair value item.

NOTE 22: SEGMENT REPORTING

In accordance with Australian Accounting Standard AASB 8 Operating Segments, the Company has determined that it has one reporting segment, consistent with the manner in which the business is managed. This is the manner in which the chief operating decision maker receives information for the purpose of resource allocation and assessment of performance. The Group operates predominantly in one business and geographical segment, being the research and development of cancer diagnostics in Victoria, Australia.

SIENNA CANCER DIAGNOSTICS LIMITED AND CONTROLLED ENTITY

A.B.N 74 099 803 460

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 23: KEY MANAGEMENT PERSONNEL COMPENSATION

The following responsible positions were Key Management Personnel of the entity at any time during the reporting period:

Non-executive Chairman: Dr Geoffrey Cumming.

Non-executive Directors: Mr Carl Stubbings, Dr David Earp, Dr John Chiplin, Ms Helen Fisher (appointed 28 March 2018).

Chief Executive Officer: Mr Matthew Hoskin.

Transactions with Key Management Personnel

The Key Management Personnel compensation included in employee expenses are as follows:

	Share-based payments	Short-term benefits	Post- employment benefit	Total
2018	\$	\$	\$	\$
Total compensation	55,923	537,971	32,759	626,653
2017				
Total compensation	16,752	405,935	30,527	453,214

NOTE 24: AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:

	2018	2017
- Auditing or reviewing the financial report	\$ 44,077	\$ 29,593
- Other services	-	8,000
	<u>44,077</u>	<u>37,593</u>

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

On 20 July 2018 the Company announced that it had finalised terms for a \$5.2 million capital raise (before expenses), comprising a \$1.6 million institutional placement, as well as a \$3.6 million rights issue offer to existing shareholders, via the issue of new ordinary shares priced at 6 cents per share. Funds from the placement were received during the week ending 27 July 2018 and 27,039,349 new ordinary shares were issued on 27 July 2018. Shareholders recorded on the share register at 7pm on 26 July 2018 were eligible to participate in the rights issue offer on a basis of 1 new ordinary share for every 3 ordinary shares held. The rights issue offer opened 31 July 2018 and closed on 21 August 2018. A firm commitment was received from Merchant Corporate Advisory Pty Ltd to place any remaining shares not taken up in the rights issue offer by shareholders. A total of 60,087,442 new ordinary shares are to be issued under the rights issue offer if all the ordinary shares that are the subject of the offer are taken up.

On 7 August 2018, Sienna announced the appointment of GaoYuan In-Vitro Reagents Co. as its exclusive distributor for the Company's IVD for mainland China.

There has been no other matter or circumstance which has arisen since 30 June 2018 that has significantly affected or may significantly affect:

- The operations, in financial years subsequent to 30 June 2018, of the consolidated entity, or
- The results of those operations, or
- The state of affairs, in financial years subsequent to 30 June 2018, of the consolidated entity.

NOTE 26: COMMITMENTS

The Group has an operating lease for the office and laboratory facilities at 1 Dalmore Drive, Scoresby, Victoria. This lease is not capitalised in the accounts. The lease is current until 30 November 2019, and as a result the Group has a commitment at 30 June 2018 to pay 17 monthly lease payments totaling \$91,928. This amount does not include an estimate for an annual increase, effective from November 2018, in line with the changes in the Consumer Price Index (CPI) as stipulated in the lease agreement.

To the Directors' knowledge, the Group had no further material commitments as at 30 June 2018 not otherwise disclosed in these financial statements.

NOTE 27: COMPANY DETAILS

The registered office and principal place of business of the Company is: 1 Dalmore Drive, Scoresby VIC 3179, Australia

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 15 to 36 are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards as detailed in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - b. give a true and fair view of the Company's financial position as at 30 June 2018 and of the performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. 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.
3. The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the CEO and CFO.

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



Geoffrey J. Cumming
Non-executive Chairman



Helen Fisher
Non-executive Director

Melbourne, Australia

Dated this 23rd day of August 2018

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SIENNA CANCER DIAGNOSTICS LIMITED

REPORT ON THE FINANCIAL REPORT OPINION

We have audited the accompanying financial report of Sienna Cancer Diagnostics Limited (the Company) and its controlled entity (the Group) which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes 1 to 27, comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion:

(a) the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- I. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- II. complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

KEY AUDIT MATTERS

The key audit matters, are the matters that, in our professional judgement, were of most significance in our audit of the financial report for the current year. The 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.

Key audit matters	How our audit addressed the key audit matter
<p>Intangible assets – recognition and amortisation (Note 11) The Group has an intangible asset – capitalised development expenditure recorded on the Statement of Financial Position as at 30 June 2018 totalling \$2,059,922 (2017: \$2,168,026) (net of accumulated amortisation), relating to the capitalised development costs associated with the SCD-A7 product. The asset became ready for use on 21 December 2016.</p> <p>AASB 138: Intangible Assets sets out the specific requirements to be met in order to capitalise development costs.</p> <p>Management have determined that the capitalised development costs be amortised over a period of 20 years, as this is the period over which management expects to generate future economic benefits from product sales.</p> <p>This area is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Capitalised development costs being material to the financial report; • Subjectivity and management judgement applied in the assessment of whether costs meet the development phase criteria prescribed in AASB 138; • Subjectivity and management judgement applied in determining the useful life of the product which forms the amortisation period. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Assessing the Group’s accounting policy in respect of capitalising product development costs for adherence to AASB 138; • Testing a sample of amounts capitalised to supporting documentation and assessing compliance with the recognition criteria of AASB 138; • Reviewing historical sales data in order to assess whether economic benefits are being derived from the product development activities; • Recalculating the amortisation expense of the capitalised development costs and comparing against the actual charge; • Assessing the reasonableness of the amortisation period by reference to comparable market data; • Assessing the adequacy of related disclosures within the financial statements.
<p>Intangible assets – impairment testing (Note 11) The Group’s intangible asset – capitalised development expenditure of \$2,059,922 was evaluated for impairment in accordance with the requirements of AASB 136 Impairment of Assets. No impairment write-down was recorded for the year ended 30 June 2018. No indicators of impairment have been noted.</p> <p>This area is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Capitalised development costs being material to the financial report; • Management judgement and assumptions applied in assessing impairment indicators from internal and external sources of information. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Assessing the internal and external sources of information for the purposes of impairment indicators; • Assessing the adequacy of related disclosures within the financial statements; • Comparing market capitalisation as at sign-off date to the carrying value of net assets at year end; • Reviewing external third party valuations.

Key audit matters	How our audit addressed the key audit matter
<p>Provision for doubtful debts (Note 9, 21) The Group has a provision for doubtful debts of \$209,659 as at 30 June 2018 (2017: \$202,635), which was first recognised in the 2017 financial year following the announcement that Bostwick Laboratories Inc, a significant debtor had entered Chapter 11 bankruptcy protection. The directors are unsure as to what amount, if any, will be recovered.</p> <p>This area is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Subjectivity and management judgement applied in assessing the completeness of the provision; • The inherent risk of the sales to an overseas laboratory in an overseas jurisdiction, being the United States of America; • The inherent risk of the sales being derived from a laboratory located in an overseas political, economic and legal regime. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewing post year end cash receipts; • Reviewing the responses from solicitors; • Discussing the details of the situation with management and the audit committee; • Reviewing minutes of directors' meetings.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Company's directors 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 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.

DIRECTORS' RESPONSIBILITY 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 Australia Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Australian Accounting Standards AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in the Directors' Report on pages 8 to 12 for the year ended 30 June 2018. 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, which based on our audit, is in accordance with Australian Auditing Standards.

OPINION

In our opinion, the Remuneration Report of Sienna Cancer Diagnostics 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 Australia Auditing Standards.



Walker Wayland NSW
Chartered Accountants



Wali Aziz
Partner

Dated this 23rd of August 2018, Sydney