# Appendix 4D

**For the Half Year ended 31 December 2018**

**BARD1 LIFE SCIENCES LIMITED**
**ABN 58 009 070 384**

## 1. Reporting period

Report for the half year ended 31 December 2018.

Comparative period is the half year ended 31 December 2017.

## 2. Results for announcement to the market

| | 31 Dec 2018 $ | 31 Dec 2017 $ | % change |
|---|---|---|---|
| Revenues from ordinary activities | 27,567 | 28,884 | (4.6) |
| Loss from ordinary activities after tax attributable to the owners of Bard1 Life Sciences Limited | (879,642) | (773,301) | 13.8 |
| Total comprehensive loss for the half-year attributable to the owners of Bard1 Life Sciences Limited | (888,038) | (767,919) | 15.6 |

## 3. Net tangible assets per security

| | 31 Dec 2018 $ | 31 June 2018 $ |
|---|---|---|
| Net tangible assets per ordinary security | 0.0034 | 0.0014 |

## 4. Dividends

No dividends were paid during the current or previous half year period and no dividends have been declared subsequent to the half year end and up to the date of this report.

There are no dividend or distribution reinvestment plans in operation.

## 5. Associates and Joint Ventures

N/A

## 6. Control gained or lost over entities

N/A

## 7. Foreign entities

International Financial Reporting Standards adopted

## 8. Audit qualification or review

The Half-Year Report of Bard1 Life Sciences Limited for the half-year ended 31 December 2018 has been subject to a review by the auditors and the unqualified review report is attached as part of the Half-Year Report.

**Signed**

**Peter Gunzburg**
Chairman
28 February 2019


# BARD1 LIFE SCIENCES LIMITED
# (ASX : BD1)

**ABN 58 009 070 384**

## FINANCIAL REPORT

## FOR THE HALF YEAR ENDED
## 31 DECEMBER 2018

**CONTENTS**

## DIRECTORS' REPORT

Your Directors submit the report of BARD1 LIFE SCIENCES LIMITED and its controlled entities ("BARD1 LSL" or "the Group") for the half year ended 31 December 2018.

### Directors

The names of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Peter Lynton Gunzburg
Brett Montgomery
Dr Irmgard Irminger-Finger
Professor Geoffrey Laurent (deceased 12/08/2018)

**Chief Executive Officer**
Dr Leearne Hinch

**Company Secretary**
Pauline Collinson

### REVIEW AND RESULTS OF OPERATIONS

The loss per share of the Group for the half-year ended 31 December 2018 was 0.11 cents per share based on a net loss totalling $879,642 (6 months ended 31 December 2017: loss per share of 0.11 cents based on a net loss totalling $773,301).

### OPERATIONAL REVIEW

The principal activity of BARD1 Life Sciences Limited (ASX:BD1) is the research and development of non-invasive diagnostic tests for early detection of cancer. BARD1 owns a proprietary tumour marker platform with potential diagnostic and therapeutic applications across multiple cancers. The pipeline includes BARD1 autoantibody tests in development for early detection of breast, ovarian and lung cancers. Additional diagnostic projects will be evaluated for other cancers.

### Highlights during the Half-Year

- **Successful Capital Raising:** BARD1 raised A$3.315 million (before costs) in a non-renounceable Entitlement Issue and Shortfall Offer.
- **Cash position:** BARD1 ended the half-year with a solid cash position of $3.7m at 31/12/18.
- **New BARD1-Breast Cancer Test:** Positive results BARD1-Breast cancer test showed high diagnostic accuracy for detection of breast cancer with 70% sensitivity and 88% specificity.
- **Ovarian Cancer Program:** BARD1-Ovarian cancer test showed excellent diagnostic accuracy in high-risk women with family history of breast/ovarian cancer or carrying *BRCA1/2* mutations achieving 89% sensitivity and 97% specificity.
- **Assay development program:** Feasibility phase successfully completed and entered development phase.
- **Cancer Vaccine Program:** Encouraging results showing delayed tumour growth in a malignant mesothelioma mouse model.
- **New patents granted:** Patents granted in two key patent families protecting the BARD1-Ovarian and BARD1-Breast cancer tests in the USA, and the BARD1-Lung cancer test in China.

### Successful Capital Raising

During the half-year, BARD1 LSL issued 165,732,775 New Shares at an issue price of $0.02 per share by way of a non-renounceable Entitlement Issue raising $3.315 million before costs. A total of 59,141,274 New Shares were issued to Shareholders who participated in the Entitlement Issue, with all BARD1 directors taking up some or all of their rights. The remaining 106,591,501 Shortfall Shares were issued to sophisticated and professional investors. The funds raised are being used to advance development of the BARD1 diagnostics pipeline, ongoing research activities, commercial initiatives and for general working capital purposes.

### Breast Cancer Dx Program

During the half-year, BARD1 initiated the BC-001 study to develop and evaluate the accuracy of a world-first BARD1-Breast cancer test for the early detection of breast cancer. The results of the BC-001 study demonstrated that the BARD1-Breast cancer test had high diagnostic accuracy for detection

of breast cancer across common subtypes and all stages with AUC 0.86, 70% sensitivity and 88% specificity (see ASX announcement of 23/10/18). The study was validated in an independent sample set of benign breast lesions which showed that the BARD1-Breast cancer test accurately distinguished malignant breast cancer from benign lesions.

There is currently no blood test available for screening or early detection of breast cancer. BARD1 plans to develop BARD1-Breast as a screening test for early detection of breast cancer in average-risk asymptomatic women to detect cancer early, increase screening uptake, improve survival and reduce healthcare costs. This represents a key market opportunity for the company with the global breast cancer diagnostics market valued at US$20.1b in 2013.

The new BARD1-Breast cancer test will use the same BARD1 autoantibody test methodology and Luminex instrumentation as the BARD1-Ovarian cancer test enabling fast development and parallel clinical testing.

**Ovarian Cancer Dx Program**
During the half-year BARD1 announced positive results from its OC-R001 Study to evaluate and compare the accuracy of the improved BARD1-Ovarian test to detect ovarian cancer in high-risk women with a family history of breast/ovarian cancer or carrying BRCA1/2 mutations. The results demonstrated that BARD1-Ovarian showed outstanding diagnostic accuracy in high-risk women across all cancer stages of 0.97 AUC, 89% sensitivity and 97% specificity (see ASX announcement 06/09/18).

There is currently no screening test recommended for early detection of ovarian cancer in either average-risk or high-risk women. BARD1 plans to develop BARD1-Ovarian as a screening test for early detection of ovarian cancer in high-risk women with a family history of breast/ovarian cancer or carrying BRCA1/2 mutations. This represents a significant market opportunity with the global ovarian cancer diagnostics market valued at US$7.2b in 2013.

Importantly, the combination of the BARD1-Breast and BARD1-Ovarian cancer tests provide an effective screening tool for early detection of breast/ovarian cancers in high-risk women with Hereditary Breast and Ovarian Cancer (HBOC) syndrome to detect cancer early, save women's lives and avoid unnecessary surgery.

**Lung Cancer Dx Program**
No new studies were conducted for the BARD1-Lung cancer test during the half-year.

There is currently no blood test approved for screening of lung cancer. BARD1 plans to develop the BARD1-Lung cancer test as a screening test for early detection of lung cancer in high-risk asymptomatic individuals. The global lung cancer diagnostics market was valued at US$26.0b in 2013.

**Assay Development Program**
The Assay Development program with our contract development partner Thermo Fisher Scientific to transfer and develop the research BARD1 assay using ProcartaPlex® Technology for performance on Luminex® instrumentation progressed during the quarter. The feasibility phase was successfully completed in December 2018 and the program has now entered the development phase.

The initial work is to transfer and optimise the BARD1-Ovarian cancer test on the Luminex platform with expected completion in 1H19. If successful, further work is then expected to be undertaken to optimise the BARD1-Breast cancer test on the same platform.

**Cancer Vaccine Program**
The Cancer Vaccine collaboration with the Institute for Respiratory Health (IRH) progressed during the half-year. The cancer vaccine program is exploratory research to evaluate BARD1 peptide vaccine formulations for cancer prevention and/or treatment in murine cancer models to assess *in vivo* effectiveness for reducing tumour size, inhibiting tumour growth and/or inducing an effective immune response.

Encouraging initial results showing delayed tumour growth in a malignant mesothelioma mouse model were reported in the Company Presentation released on 19/11/18. Subsequent to the half-year, final results were announced on 15/2/19 confirming a significant vaccine effect on tumour growth, survival and immune response using a 5-peptide BARD1 vaccine in the AB1 malignant mesothelioma mouse model. These results were encouraging but will require further research to evaluate different BARD1 antigens, vaccine formulations and doses to determine the best cancer vaccine strategy.

**Intellectual Property Portfolio**
The Company currently owns or licenses 5 patent families with 10 granted and 19 pending patent applications across key marketplaces including the US, Europe, Japan and China covering various

BARD1 DNA and protein sequences, methods of diagnosis and treatment, and use in multiple cancers including breast, ovarian and lung cancers.

United States Patent No 10,018,639 titled 'Kits for detecting breast or ovarian cancer in body fluid sample and use thereof' was granted by the United States Patent and Trademark Office (USPTO). The claims are directed to kits comprising peptides from BARD1 isoforms for detecting autoantibodies associated with breast or ovarian cancer. This patent provides IP protection for the BARD1-Ovarian and BARD1-Breast cancer tests (see ASX announcement 12/07/18).

Chinese Divisional Patent No 201610347489.9 titled "BARD1 isoforms in lung and colorectal cancer and use thereof" was granted by the China National Intellectual Property Administration (CNIPA). This patent provides additional coverage over the parent case for specific BARD1 isoforms, various methods and kits for use in the detection of the specific BARD1 isoforms, and methods for treatment or prevention of lung and colorectal cancer. This patent provides additional IP protection for the BARD1-Lung cancer test (see ASX announcement 24/10/18).

**Corporate**
On 12 August 2018 Non-Executive Director Professor Geoffrey Laurent sadly passed away whilst overseas. Geoff was a leading respiratory scientist and highly respected member of the BARD1 Board.

**Outlook**
BARD1 is in a strong position with funds of $3.7 million at 31/12/18, an enviable diagnostics pipeline of three BARD1 autoantibody tests in development for breast, ovarian and lung cancers, and a clear focus on entering clinical development and furthering commercialization of its BARD1-Ovarian and BARD1-Breast cancer tests in 2019. This strategy takes advantage of commercial synergies for early detection of breast/ovarian cancers in high-risk women with HBOC syndrome. The Company also intends to advance its BARD1-Lung program and to expand applications for its BARD1 tumour marker platform to early detection of other cancers.

Assay development is currently underway by our contract development partner Thermo Fisher Scientific to transfer the research assay to Luminex® instrumentation. Clinical studies are then expected to commence in 2H19 for both BARD1-Breast and BARD1-Ovarian to evaluate clinical performance with expected launch as Laboratory Developed Tests (LDTs) in 2021.

The Company's business strategy is to leverage its BARD1 Technology to develop diagnostic tests for early detection of cancer when it can be potentially cured. The Company plans to develop a portfolio of non-invasive diagnostic tests for early detection, diagnosis or monitoring of cancer, conduct clinical studies to demonstrate the clinical performance of its BARD1 Tests and enable medical device marketing, and then commercialise its products through licensing its diagnostic tests to clinical laboratory, major diagnostic or biopharmaceutical partners in the USA, Europe and Asia.

**Rounding**
No rounding has been applied to the amounts contained in this report and in the financial report under the option available to the Company under ASIC Corporations (Rounding in Financial/Director's report) instrument 2016/191. The Company is an entity to which the legislative instrument applies.

**Significant Events After Balance Date**
There have been no matters or circumstances that have arisen since 31 December 2018 that has significantly affected or may significantly affect:

a) the Consolidated Entity's operations in future years; or
b) the results of those operations in future years; or
c) the Consolidated Entity's state of affairs in future years

**Auditor's Independence Declaration**
The Auditor's Independence Declaration is set out on Page 6 and forms part of the Director's Report for the half year ended 31 December 2018.

Signed in Perth 28 February 2019 in accordance with a resolution of the Directors.

P Gunzburg
Chairman

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of BARD1 LIFE SCIENCES LIMITED, I state that:

In the opinion of the Directors:

(a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of financial position of the consolidated entity as at 31 December 2018 and the performance for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) Subject to the achievement of matters set out in Note 1(b) 'Going Concern' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

P Gunzburg
Executive Chairman

Signed in Perth
28 February 2019

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# Auditor's Independence Declaration to the Directors of BARD1 Life Sciences Limited

As lead auditor for the review of the half-year financial report of BARD1 Life Sciences Limited for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review.

b) No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of BARD1 Life Sciences Limited and the entities it controlled during the financial period.

Ernst & Young

V L Hoang
Partner
28 February 2019

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2018

| | Note | Consolidated | |
|---|---|---|---|
| | | **For the six months ended 31 December 2018 $** | **For the six months ended 31 December 2017 $** |
| Revenue and Other Income | 2 | 27,567 | 28,884 |
| Administration expenses | | (260,218) | (184,632) |
| Research and development | | (176,542) | (222,386) |
| Employee benefits expense | | (375,640) | (391,425) |
| Share Based Payment | | (23,162) | (3,935) |
| Patent Expenses | | (71,042) | (74,447) |
| Fair value gain/(loss) of investments classified as held for trading | | - | 91,459 |
| Foreign exchange loss | | (605) | (16,819) |
| **Net loss for the period** | | (879,642) | (773,301) |
| Income tax benefit | | - | - |
| **Net loss for the period after income tax expense** | | **(879,642)** | **(773,301)** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may be subsequently reclassified to operating result* | | | |
| Foreign currency translation | | (8,396) | 5,382 |
| **Other comprehensive loss for the period, net of tax** | | **(8,396)** | **5,382** |
| | | | |
| **Total comprehensive loss for the period attributable to the members of BARD1 LIFE SCIENCES LIMITED** | | **(888,038)** | **(767,919)** |
| | | | |
| Basic and diluted loss per share (cents per share), for the half-year attributable to members of BARD1 LIFE SCIENCES LIMITED | | (0.11) | (0.11) |

*The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

| | Note | Consolidated 31 December 2018 $ | Consolidated 30 June 2018 $ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 5 | 3,713,212 | 1,445,657 |
| Trade and other receivables | | 517 | 3,465 |
| Financial assets at fair value through profit and loss | 6 | 32 | 32 |
| Prepayments | | 36,264 | 3,983 |
| **TOTAL CURRENT ASSETS** | | **3,750,025** | **1,453,137** |
| **TOTAL ASSETS** | | **3,750,025** | **1,453,137** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | | 353,280 | 238,212 |
| Provisions | | 16,587 | 62,394 |
| **Total Current Liabilities** | | **369,867** | **300,606** |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions | | **19,854** | **22,044** |
| **Total Non-Current Liabilities** | | **19,854** | **22,044** |
| **TOTAL LIABILITIES** | | **389,721** | **322,650** |
| **NET ASSETS** | | **3,360,304** | **1,130,487** |
| **EQUITY** | | | |
| Contributed equity | 7 | 12,393,078 | 9,298,385 |
| Distribution reserve | | (309,421) | (309,421) |
| Share based payment reserve | | 64,757 | 41,595 |
| Foreign exchange translation reserve | | (51,115) | (42,719) |
| Accumulated losses | | (8,736,995) | (7,857,353) |
| **TOTAL EQUITY** | | **3,360,304** | **1,130,487** |

*The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.*

## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED 31 DECEMBER 2018

| | Consolidated | |
|---|---|---|
| | **For the six months ended 31 December 2018 $** | **For the six months ended 31 December 2017 $** |
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees | (854,705) | (1,001,098) |
| Interest received | 2,474 | 3,789 |
| Interest Paid | - | - |
| Other revenue | 25,093 | 25,095 |
| **Net cash used in operating activities** | (827,138) | (972,214) |
| | | |
| **Cash flows from investing activities** | | |
| Proceeds on sale of held for trading investments | - | 107,984 |
| **Net cash from investing activities** | **-** | **107,984** |
| **Cash flows from financing activities** | | |
| Repayment of borrowings | | - |
| Net proceeds from issue of shares | 3,094,693 | 1,424,389 |
| **Net cash from financing activities** | **3,094,693** | **1,424,389** |
| | | |
| Net increase in cash and cash equivalents | 2,267,555 | 560,159 |
| Cash and cash equivalents at the beginning of the period | 1,445,657 | 650,051 |
| **Cash and cash equivalents at the end of the period** | **3,713,212** | **1,210,210** |

*The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**For the half year ended 31 December 2018**

| | Issued Capital $ | Accumulated Losses $ | Distribution Reserve $ | Foreign Currency Translation Reserve $ | Share Based Payment Reserve $ | Total Equity $ |
|---|---|---|---|---|---|---|
| Balance at beginning of period | 9,298,385 | (7,857,353) | (309,421) | (42,719) | 41,595 | 1,130,487 |
| Loss for the period | - | (879,642) | - | - | - | (879,642) |
| Other comprehensive income | - | - | - | (8,396) | - | (8,396) |
| Total comprehensive loss for the period | - | (879,642) | - | (8,396) | - | (888,038) |
| Issue of shares | 3,314,656 | - | - | - | - | 3,314,656 |
| Less: share issue costs | (219,963) | - | - | - | - | (219,963) |
| Share based payments for the period | - | - | - | - | 23,162 | 23,162 |
| **Balance at End of Period** | **12,393,078** | **(8,736,995)** | **(309,421)** | **(51,115)** | **64,757** | **3,360,304** |

**For the half year ended 31 December 2017**

| | Issued Capital $ | Accumulated Losses $ | Distribution Reserve $ | Foreign Currency Translation Reserve $ | Share Based Payment Reserve $ | Total Equity $ |
|---|---|---|---|---|---|---|
| Balance at beginning of period | 6,645,495 | (6,040,052) | (309,421) | (38,085) | - | 257,937 |
| Loss for the period | - | (773,301) | - | - | - | (773,301) |
| Other comprehensive income | - | - | - | 5,382 | - | 5,382 |
| Total comprehensive loss for the period | - | (773,301) | - | 5,382 | - | (767,919) |
| Issue of shares | 1,424,389 | - | - | - | - | 1,424,389 |
| Share based payments for the period | - | - | - | - | 3,935 | 3,935 |
| **Balance at End of Period** | **8,069,884** | **(6,813,353)** | **(309,421)** | **(32,703)** | **3,935** | **918,342** |

*The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes*

## NOTES TO THE FINANCIAL STATEMENTS

## CORPORATE INFORMATION

The financial report of BARD1 LIFE SCIENCES LIMITED for the half year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 28 February 2019.

BARD1 LIFE SCIENCES LIMITED is a company limited by shares that is incorporated and domiciled in Australia and whose shares are publicly listed on Australian Stock Exchange. The registered address is Unit B1, Tempo Building, 431 Roberts Road, Subiaco WA 6008.

## 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

### (a) Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2018 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half year report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the period ended 30 June 2018 and considered together with any public announcements made by BARD1 LIFE SCIENCES LIMITED during the half year ended 31 December 2018 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half year report financial report has been prepared on a historical cost basis, except for held for trading and available for sale investments which are measured at fair value.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

### (b) Going Concern

This financial report has been prepared on the going concern basis of accounting, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

During the six months ended 31 December 2018, the Group incurred a net loss after tax of $879,642 and a cash outflow from operating activities of $827,138. At 31 December 2018, the Group had cash and cash equivalents of $3,713,212 and current assets of $3,750,025.

The Company's cash flow forecasts for the twelve months ending 28 February 2020 indicate that, although the Group is in a position to meet its committed administrative expenditure requirements, additional capital will need to be raised to enable the Group to carry out its planned research activities. This creates an uncertainty that may cast doubt as to whether the Group will continue as a going concern and, therefore, whether it will settle its liabilities and commitments in the normal course of business.

The Directors have considered the funding and operational status of the business in arriving at their assessment of going concern and believe that the going concern basis of preparation is appropriate, based upon the following:

- The ability to further vary cash flows depending upon the achievement of certain milestones within the business plan; and
- The ability of the Group to obtain funding through various sources, including debt and equity issues.

The Directors have reasonable expectations that they will be able to raise additional funding needed for the Group to continue to execute against its milestones in the medium term. Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability or classification of the recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

## (c) Significant accounting policies

*New and amended accounting standards and interpretations*
The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective 1 July 2018, including:

### AASB 9 *Financial Instruments* (AASB 9)

AASB 9 *Financial Instruments* (**AASB 9**) replaces AASB 139 *Financial Instruments: Recognition and Measurement* (**AASB 139**) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 prospectively, with the initial application date of 1 July 2018.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Company has adopted AASB 9 retrospectively in accordance with the standard; changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Company's consolidated financial statements.

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

a. Amortised cost;

b. Fair Value through Other Comprehensive Income (**FVOCI**) – debt investment;

c. FVOCI – equity investment; or

d. Fair Value through Profit or Loss (**FVTPL**)

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

As of 30 June 2018, and 31 December 2018, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables, shares in listed companies and trade and other payables.

Cash and cash equivalents and trade and other receivables previously designated as receivables under AASB 139 are now classified as amortised cost under AASB 9. The trade and other payables are designated as other financial liabilities, which are measured at amortised cost. Shares in listed companies previously designated as receivables under AASB 139 are now classified as fair value through profit and loss under AASB 9.

The cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair value due to their short-term nature.

Shares in listed companies (as reported in the balance sheet) are reported as financial assets and measured at fair value through the profit and loss.

Other financial liabilities (as reported in the balance sheet) are reported as financial liabilities and measured at fair value through the profit and loss.

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the amount of observable inputs used to value the instruments:

The three levels of the fair value hierarchy are:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.

- Level 2 – Values based on inputs, including quoted prices, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.

- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

*Impairment of financial assets*

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the directors concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL. The result of the assessment is as follows:

| Class of financial instrument presented in the statement of financial position | Original measurement category under AASB 139 | New measurement category under AASB 9 |
|---|---|---|
| Cash and cash equivalents | Loans and receivables | Financial assets at amortised cost |
| Trade and other receivables | Loans and receivables | Financial assets at amortised cost |
| Shares in listed companies | Investment held for trading | FVTPL |
| Trade and other payables | Financial Liability at amortised cost | Financial liability at amortised cost |

The change in classification has not resulted in any re-measurement adjustment at 1 July 2018.

**AASB 15 *Revenue from Contracts with Customers* (AASB 15)**

The Group has adopted AASB 15 as issued in May 2014 with the date of initial application being 1 July 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach.

AASB 15 supersedes AASB 118 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.
At 1 July 2018 it was determined that the adoption of AASB 15 had no impact on the Group.

*New accounting standards and interpretations issued but not yet effective*

The Group has not elected to early adopt any new standards or amendments that are issued but not yet effective.

## 2 REVENUE AND OTHER INCOME

| | For the six months ended 31 Dec 2018 $ | For the six months ended 31 Dec 2017 $ |
|---|---|---|
| **Revenue and Other Income** | | |
| Interest revenue | 2,474 | 3,789 |
| Other income | 25,093 | 25,095 |
| | **27,567** | **28,884** |

## 3 CONTINGENT ASSETS AND LIABILITIES

(a) On 10 July 2007 the Group disposed of its Ukrainian gold mining assets for US$5,000,000. US$3,000,000 (equivalent to A$4,145,937) of this amount remains outstanding and will only be received upon the purchaser meeting a regulatory milestone relating to the advancement of the Saulyak Gold Project, being the grant of a mining licence. The Company has unconfirmed information that the mining license may have been granted, but this has not yet been verified. As such the Company is not aware of whether it has a present right to be paid the US$3,000,000 and makes no statement of whether such a right will exist, or whether in any event the Company would receive those funds. As such, until the Company can undertake further enquires in relation to whether there is a present right to receive the US$3,000,000 it continues to consider the amount a contingent asset

With the sale of its Ukrainian gold mining assets the Group is no longer exposed to operating in the Ukraine other than in relation to the contingent consideration of US$3,000,000.

(b) The Group has guaranteed the payment of a royalty by Saulyak Limited Liability Company based on gold output from the Saulyak Gold Project which was disposed of by the Group on 10 July 2007. The royalty is up to 2% net smelter royalty per ounce of gold produced from the Saulyak Gold project payable only in respect of ounces of gold produced over 750,000 ounces in total. Gold production from the Saulyak Gold Project has not commenced with the current owners of the project yet to secure a mining licence. At the time of the sale of the project by the Group total reserves identified at the project were not in excess of 750,000 ounces.

(c) With effect from 1 October 2011 BARD1AG became the 'Co-ordinator' and a beneficiary under the EU Grant Agreement for a project called "BARDiag - Biomarker tests for early cancer detection (BARDiag Project)" within the framework of the SP4-Capacities and under the conditions laid down in the grant agreement.

Prior to BARD1AG's appointment as Co-ordinator, a pre-financing contribution of 1,103,694(€681,882) (Pre-Financing Contribution) was paid to the original co-ordinator and distributed to participating beneficiaries (of which BARD1AG was not one) at the time in accordance with a consortium agreement.

Subsequent to BARD1AG's appointment, a further $241,344 (€149,107) (1st Period Contribution) was received by BARD1AG which it retained as a beneficiary to finance agreed research under the BARDiag Project.

At the time of the Company acquiring BARD1AG in 2016 an audit was underway in relation to funds provided under EU Grant Agreement by the European Commission Research Executive Agency (REA).

BARD1AG was advised in 2017 that the audit of the 1st Period Contribution had resulted in only $162,208 (€100,215) of the expenditure claimed to have been expended by BARD1AG as beneficiary on the BARDiag Project being allowed as eligible expenditure under the 1st Period Contribution. Notwithstanding that BARD1AG is of the view that there is additional allowable expenditure in excess of $241,344 (€149,107) and is in the process of providing support for this to REA. The Group has accrued the difference of $79,137 (€48,892) as an accrued expense as at 31 December 2018. The audit of the total EU contribution, being the $1,103,694 (€681,882) Pre-Financing Contribution and $241,344 (€149,107) 1st Period Contribution for the BARDiag Project for the periods prior to and post BARD1AG's appointment as Co-ordinator, has now determined that an amount of $642,734 (€397,093) is refundable for expenditures which have been disallowed.

The consortium agreement provides that a consortium party shall not be responsible to any other party for any indirect or consequential loss or similar damage and that each party is responsible for justifying its costs with respect to the BARDiag Project. Therefore, repayment of any overpaid funds received for costs considered ineligible by the REA, would appear to be the individual responsibility of the consortium party that received the funds.

As Co-ordinator, BARD1AG is currently engaged in a process of sourcing and providing additional information and support to REA for the expenditure on the BARDiag Project and has engaged consultants to assist in providing the necessary support to substantiate the expenditures incurred by the consortium.

Given the circumstances outlined above, the Group's view is that it is less than probable a future outflow of resources will be necessary in order to settle the obligations under the EU Grant Agreement in excess of the amount provided for disallowed expenditure under the 1st Period Contribution. Accordingly, at this stage no additional provision has been raised for repayment of funds at 31 December 2018.

## 4 SEGMENT INFORMATION

For management purposes, the Group is organised into one main operating segment, which involves research activities. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

## 5 CASH AND CASH EQUIVALENTS

For the purpose of the half year cash flow statement, cash and cash equivalents comprise the following:

| | 31 December 2018 $ | 30 June 2018 $ |
|---|---|---|
| Cash at bank and on hand | 3,713,212 | 1,445,657 |

## 6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

| | 31 December 2018 $ | 30 June 2018 $ |
|---|---|---|
| Shares in listed companies at fair value | 32 | 32 |

## 7 CONTRIBUTED EQUITY

| **Issued and paid up capital** | 31 December 2018 $ | 30 June 2018 $ |
|---|---|---|
| Ordinary fully paid shares | 12,393,078 | 9,298,385 |

| | For the six months ended 31 December 2018 | | For the year ended 30 June 2018 | |
|---|---|---|---|---|
| | Number of Shares | $ | Number of Shares | $ |
| At beginning of period | 828,662,397 | 9,298,385 | 552,829,919 | 6,645,495 |
| Issue of shares | 165,732,775 | 3,314,655 | 275,832,478 | 2,813,326 |
| Less: transaction costs | - | (219,962) | - | (160,436) |
| **At the end of the period** | **994,395,172** | **12,393,078** | **828,662,397** | **9,298,385** |

## 8 SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no matters or circumstances that have arisen since 31 December 2018 that has significantly affected or may significantly affect:

a) the Consolidated Entity's operations in future years; or
b) the results of those operations in future years; or
c) the Consolidated Entity's state of affairs in future years

## 9 EXPENDITURE COMMITMENTS

There are no expenditure commitments not recorded in the financial statements or notes.

## 10 FINANCIAL INSTRUMENTS

### Risk Management Activities

The risk management activities are consistent with those of the previous financial year unless otherwise stated.

### Financial Instruments

The carrying value of the Group's financial instruments is considered to approximate fair value at 31 December 2018.

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# Independent auditor's review report to the members of BARD1 Life Sciences Limited

## Report on the half-year financial report

### Conclusion

We have reviewed the accompanying half-year financial report of BARD1 Life Sciences Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date.

b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Emphasis of matter – Material uncertainty related to going concern

We draw attention to Note 1(b) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### Directors' responsibility for the half-year financial report

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

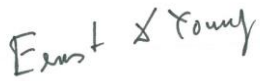
### Auditor's responsibility

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

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

## Independence

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



Ernst & Young

V L Hoang
Partner
28 February 2019