

ANNUAL REPORT

30 June 2017

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CORPORATE DIRECTORY

Directors

Peter Gunzburg	Chairman
Brett Montgomery	Non-Executive Director
Dr. Irmgard Irminger-Finger	Executive Director
Prof. Geoffrey Laurent	Non-Executive Director

Chief Executive Officer

Dr. Leearne Hinch

Company Secretary

Pauline Collinson

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Share Registry - Australia

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Perth Western Australia 6000
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Auditors - Australia

Ernst & Young
11 Mounts Bay Road
Perth Western Australia 6000

Solicitors

DLA Piper
Level 31, Central Park
152 St George's Terrace
Perth Western Australia 6000

Bankers - Australia

National Australia Bank
1232 Hay Street
West Perth Western Australia 6005

ASX Code

BD1 - Fully Paid Ordinary Shares

DIRECTORS' REPORT

The directors present their report together with the financial report of BARD1 Life Sciences Limited (**BARD1 LSL** or **Company**) and its controlled entities (collectively referred to as the **Group**) for the financial year ended 30 June 2017 and the independent auditor's report thereon.

DIRECTORS

The names and details of the directors of the Company in office during the year ended 30 June 2017 and until the date of this report are as follows.

Directors were in office for this entire period unless otherwise stated.

Peter Gunzburg - Chairman B Com. (Appointed 24 September 2001)

Mr Gunzburg has over 20 years' experience as a stockbroker. He has a Commerce Degree from the University of Western Australia and has previously been a director of the Australian Stock Exchange Limited, CIBC World Markets Australia Limited and a number of ASX listed entities.

In the past 3 years Mr Gunzburg has been a director of ASX listed entities Fleetwood Corporation Limited (20/2/2002-27/11/2015) and Dragon Mining Limited (8/2/2010-19/5/2015).

Brett Montgomery – Non-Executive Director (appointed 15 August 1989)

Mr Montgomery has extensive experience in the management of publicly listed mining companies having previously been the Managing Director of Kalimantan Gold NL and a Director of Grants Patch Mining Limited. Mr Montgomery is a Non-Executive Director of Tanami Gold NL (ASX:TAM) and has previously been a Director of Magnum Gas and Power Limited (ASX:MPE) and EZA Corporation Limited (ASX:EZA).

In the past 3 years Mr Montgomery has been a director of ASX listed entities Tanami Gold Limited (20/02/2013 - Present), EZA Corporation (19/11/2014 - 18/1/2016) and Magnum Power and Gas Limited (9/10/2008 – 19/8/2016).

Dr Irmgard Irminger-Finger – Chief Scientific Officer/Executive Director PD, PhD (appointed 16 June 2016)

Dr Irminger-Finger is Privat Dozent at the University and University Hospitals of Geneva, head of the Laboratory of Molecular Gyneecology and Obstetrics, A/Professor at the University of Western Australia, and Scientific Director of BARD1 Life Sciences Limited. She studied biology and biochemistry at the University of Zurich, obtained a master in molecular biology and biochemistry and a PhD in molecular genetics. After several years as researcher at the Harvard University, she returned to Geneva, Switzerland. Having obtained a Swiss federal career development award, she focused her research on the molecular pathways at the aging and cancer interface. Since 2006 she heads the Molecular Gyneecology and Obstetrics Laboratory at the Geneva University Hospitals with focus on the function of tumour suppressor genes BRCA1 and BARD1. Dr Irminger-Finger built up her reputation as expert on the BRCA1 and BARD1 genes, as author of more than 90 scientific articles, speaker at more than 200 conferences and meetings, editor of scientific journals, and member of specific study groups and task forces on cancer, and author of several patents that paved the way towards applications in cancer diagnostics and therapy. Dr Irminger-Finger has received numerous awards and grants both for academic research and for her entrepreneurial work as founder of a successful biotech start-up.

Dr Irminger-Finger has not been a director of any other listed companies in the last three years.

Professor Geoff Laurent – Non-Executive Director PhD, FRCP (Hon), FRCPath, FMedSci (appointed 16 June 2016)

Professor Geoff Laurent is an accomplished organisational leader, thought-leader, scientific editor, advisory board member, and award winning respiratory scientist with over 250 peer reviewed publications. Prof Laurent is currently an Emeritus Professor at the University of Western Australia (UWA), a Director of biotechnology company BARD1 LSL, and a Scientific Advisor and Consultant at Helmholtz Zentrum München. From 2012 until 2017, he was Director of the Institute for Respiratory Health and Director of the Centre for Cell Therapy and Regenerative Medicine at UWA. Prior to this he was Director of the Centre for Respiratory Research, Vice-Dean of Enterprise, and Head of the Research Department of Internal Medicine at University College London. He is Editor-in-Chief of the International Journal of Biochemistry and Cell Biology, is a Past President of the British Association for Lung Research, has consulted to numerous biotechnology and pharmaceutical companies, and was a visiting scientist at Johnson and Johnson. Prof Laurent was elected a Fellow of the Academy of Medical Sciences, and received the European Respiratory Societies Presidential Award for his contribution to lung science.

Professor Geoffrey Laurent has not been a director of any other listed companies in the last three years.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and performance shares of BARD1 Life Sciences Limited were:

	Ordinary Shares	Unquoted Performance Shares
Peter Gunzburg	29,835,004	-
Brett Montgomery	4,700,000	-
Dr Irmgard Irminger-Finger	*108,252,420	**108,252,420
Prof. Geoffrey Laurent	600,000 *9,999,600	**9,999,600

* Ordinary Shares Escrowed for a period of 24 months from date of quotation

** Unquoted Performance Shares are Escrowed for a period of 24 months and with an expiry date of 5 years from date of quotation

CHIEF EXECUTIVE OFFICER

Dr Leeearne Hinch BSc BVMS MBA

Dr Leeearne Hinch is a biotechnology executive and consultant with extensive experience in the life sciences industry in general management, strategy, fundraising, business development and commercialisation. Leeearne has strategic, operational and technical experience leading and managing the development and commercialisation of drug, device and animal health products. She is CEO of BARD1 Life Sciences Ltd, director of Ingeneus Solutions, and previously held CEO and executive positions in ASX-listed biotechnology, multinational and private companies including Eustralis Pharmaceuticals Ltd, Immuron Ltd, OBJ Ltd, Holista CollTech Ltd, Chemeq Ltd and Virbac (Australia) Pty Ltd. Leeearne holds Bachelor of Science, Bachelor of Veterinary Medicine and Surgery, and Master of Business Administration qualifications, and is a member of the Accelerating Commercialisation Expert Network.

COMPANY SECRETARY

Pauline Collinson

Mrs Collinson has been employed by the Company for 24 years and has held the position of Company Secretary for 16 years. She is also the Company Secretary of ASX listed Tanami Gold NL.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated group during the financial year were the research and development of non-invasive diagnostic tests for early detection of cancer, based on certain proprietary intellectual property.

OPERATING RESULTS

	For the year ended 30 June 2017	For the 6 months ended 30 June 2016 ⁽¹⁾
	\$	\$
Revenue and other income	44,028	-
Loss from operating activities	(2,604,171)	(2,841,093)

CORPORATE INFORMATION

Corporate structure

BARD1 Life Sciences Limited is a Company limited by shares and is incorporated and domiciled in Australia. BARD1 Life Sciences Limited is the ultimate legal parent entity. On 17 June 2016 BARD1 Life Sciences Limited completed the legal acquisition of BARD1AG SA. Under Australian Accounting Standards BARD1AG SA was deemed the acquirer for accounting purposes.

¹ In the comparative period the consolidated entity changed its financial year from 31 December to 30 June. Accordingly, the Loss from operating activities is for the six month period ended 30 June 2016.

REVIEW AND RESULTS OF OPERATIONS

Highlights

- **Initiated new Ovarian Cancer Diagnostic Program:** Completed initial POC studies in September 2016 and OC300 study in January 2017 to evaluate a new research-grade BARD1 Ovarian Cancer Test, with positive results showing high accuracy, sensitivity and specificity for detection of ovarian cancer
- **Strengthened the leadership team:** Appointed Dr Leeanne Hinch as CEO in November 2016
- **Advanced Lung Cancer Diagnostic Program:** Completed pilot study in November 16 and LC600 study in December 2016 to further develop and optimise the BARD1 Lung Cancer Test on a new assay platform, with promising results for gender-specific algorithms
- **New patent granted:** US patent no 9,599,624 issued for core patent family providing protection for BARD1 Lung Cancer Test in March 2017
- **Collaboration for Cancer Vaccine Program:** Entered a research collaboration with the Institute for Respiratory Health (IRH) to evaluate a potential BARD1-based cancer vaccine in April 2017

BARD1 Life Sciences Ltd (ASX:BD1) is an Australian biotechnology company focused on developing and commercialising non-invasive diagnostic tests for early detection of cancer. Since re-listing on the Australian Securities Exchange on 20 June 2016 the Company has implemented its business plan including establishing contract research facilities at the University of Geneva (UNIGE), implementing research studies to advance its lead product the BARD1 Lung Cancer Test and evaluate a new product the BARD1 Ovarian Cancer Test, appointing a Chief Executive Officer, relocating our headquarters to the Harry Perkins Institute of Medical Research, undertaking larger retrospective studies for both lung cancer and ovarian cancer at Meso Scale Diagnostics' (MSD) facilities, and initiating a cancer vaccine collaboration with the Institute for Respiratory Health (IRH).

Lung Cancer Diagnostic Program

During the year, BARD1 LSL completed a number of lung cancer studies to develop and optimise the BARD1 Lung Cancer Test. BARD1 LSL initially completed a **Pilot Study** in 40 samples to evaluate the feasibility of transferring its research-grade autoantibody test to a new Meso Scale Diagnostics (MSD) multiplex assay platform in 40 samples of lung cancer and controls. The results showed high accuracy of the BARD1 Lung Cancer Test on the new platform with a receiver operating characteristic (ROC)-area under the curve (AUC) of 0.93 for the best fitted model, supporting further method development and optimisation of the BARD1 Lung Cancer Test on the new platform in larger patient samples.

A larger retrospective **Lung Cancer Study (LC600)** was then conducted to evaluate the performance of the research-grade BARD1 Lung Cancer Test on the new platform in 638-samples of lung cancer and controls. Analysis of 628 samples demonstrated an AUC 0.85, sensitivity 80%, and specificity 78% for the best fitted model, and a predicted average AUC 0.80, sensitivity 80%, and specificity 68% in the test sets used to evaluate the model. Importantly, gender-specific algorithms showed higher accuracy of AUC 0.91 in males and AUC 0.89 in females for the best fitted models. The LC600 study confirmed previous findings that the BARD1 Lung Cancer test could detect all stages of lung cancer, and demonstrated the potential of further developing a gender-specific BARD1 LC Test for early detection of lung cancer.

Ovarian Cancer Diagnostic Program

BARD1 LSL initiated several studies to evaluate a new BARD1 Ovarian Cancer Test for detection of ovarian cancer. BARD1 LSL conducted two small **Proof of Concept (POC) studies** to evaluate the feasibility of using a small 10 peptide set to detect ovarian cancer. The first study in 116 samples of ovarian cancer and healthy controls from different origins showed high accuracy with an AUC 0.86 for the best-fitted model. The second study tested an additional 88 samples of ovarian cancer and matched healthy controls, and yielded an AUC 0.96 for the best-fitted model. These POC studies indicated the feasibility of developing an accurate blood test with high sensitivity and specificity for detection of ovarian cancer.

A larger retrospective **Ovarian Cancer Study (OC300)** was then conducted to evaluate the performance of the research-grade BARD1 Ovarian Cancer Test on the new MSD platform in 348 female samples of ovarian cancer and controls. The results showed high accuracy with an AUC 0.92, sensitivity 90%, and specificity 87% for the best fitted model, and a predicted average AUC 0.85, sensitivity 78%, and specificity 78% in the test sets used to evaluate the model. This study showed high accuracy across all types and stages of ovarian cancer, and demonstrated the potential of further developing the BARD1 OC Test for early detection of ovarian cancer.

Cancer Vaccine Program

BARD1 LSL entered a collaboration with the Institute for Respiratory Health (IRH) in April 2017 to evaluate a potential BARD1 cancer vaccine for the prevention and/or treatment of cancer in animal models. Stage 1 of the cancer vaccine project to identify high BARD1 expressing tumour cell lines for implantation in animals and to obtain Animal Ethics Committee approval for the planned animal studies is near completion. Stage 2 of the study is designed to evaluate the in vivo effectiveness of the BARD1 vaccine formulations for reducing tumour growth in animal studies.

Intellectual Property Portfolio

US Patent no 9,599,624 titled "BARD1 isoforms in lung and colorectal cancer and use thereof" was granted by the USPTO on 21 March 2017. This patent family protects the sequence of various BARD1 isoforms specific to lung and colorectal cancer, a method for detecting the presence of the specific BARD1 isoforms, and a method for treating and/or preventing lung cancer and colorectal cancer. BARD1 LSL owns or licenses 5 patent families with 6 granted and 20 pending patent

applications covering various BARD1 DNA and protein sequences, methods of diagnosis and treatment, and use in multiple cancers.

Future Outlook

The Directors of BARD1 Life Sciences Ltd are committed to realising the commercial potential of the BARD1 technology, and advancing its diagnostic and therapeutic projects towards key development milestones. Current research and development (R&D) plans are focused on the further evaluation, development and analytical validation of the BARD1 Tests, before advancing towards clinical validation. Additionally, the Company intends to explore strategic business opportunities including business combination, acquisition, in-licensing, and other transactions to strengthen its business, expand its product pipeline, diversify its risk profile, and grow long-term shareholder value.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than those outlined in the Review and Results of Operations there were no other significant changes in the state of affairs of the Company during the period.

FINANCIAL POSITION

The net assets of the consolidated entity at 30 June 2017 totalled \$257,937 (30 June 2016: \$2,833,921).

Total assets at 30 June 2017 totalled \$726,896 (30 June 2016: \$3,292,509). The consolidated entity had cash reserves of \$650,051 at 30 June 2017.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 11 July 2017 the Company issued 137,165,811 ordinary shares at an issue price of \$0.008 raising \$1,097,326 (before costs) via a placement to sophisticated and professional investors.

On 7 August 2017 the Company issued 52,000,000 shares at an issue price of \$0.008 to existing shareholders pursuant to a Share Placement Plan raising \$422,400 (before costs).

On 20 July 2017 the Company announced the appointment of Dr Samuel James to its Advisory Board. Subject to Shareholder approval Dr James will be granted 2,000,000 options to acquire fully paid shares in the capital of the Company at an exercise price of \$0.0128 with a 4 year expiry that shall vest upon the completion of 12 months service.

At the date of this report, other than that outlined above, there have been no matters or circumstances that have arisen since the end of the period which significantly, or may significantly effect:

- The consolidated group's operations in future years;
- The results of those operations in future years; or
- The consolidated entity's state of affairs in future years.

DIVIDENDS

No dividend has been declared, provided for or paid in respect of the year ended 30 June 2017.

SHARE OPTIONS

Unissued shares

There are no unissued shares at the date of this report.

Shares issued as a result of the exercise of options

No options were exercised during the period and up to the date of the directors' report.

Options issued

There were no options issued during the period and up to the date of the directors' report and there are currently no options on issue.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has insurance in place to indemnify directors of the Company against liability incurred to a third party (not being the Company or a related party) that may arise from their position as directors or officers of the Company.

In accordance with subsection 300(9) of the Corporations Act 2001, further details have not been disclosed due to confidentiality provisions of the insurance contracts.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

INTERESTS IN CONTRACTS OR PROPOSED CONTRACTS WITH THE COMPANY

During the financial year, no director has had any interest in a contract or proposed contract with the Company being an interest the nature of which has been declared by the director in accordance with Section 300(11)(d) of the *Corporations Act 2001*.

DIRECTORS' MEETINGS

The following table sets out the number of meetings of the Company's directors held during the year ending 30 June 2017 and the number of meetings attended by each director.

	Directors' Meetings	
	No. of meetings held while in office	Meetings attended
Peter Gunzburg	5	5
Brett Montgomery	5	5
Dr Irmgard Irminger-Finger	5	5
Prof. Geoffrey Laurent	5	5

REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the director and executive remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having the authority and responsibility for planning, directing and controlling the major activities of the Group.

Remuneration Policy

The Board recognises that the performance of the Company depends upon the quality of its Directors and Executives and to this end the Company is aware that it must attract, motivate and retain experienced Directors and Executives. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are given the opportunity to receive their base emolument in the form of salary and fringe benefits such as motor vehicle allowances.

In accordance with best practice governance, the structure of Non-Executive Directors and senior executive remuneration is separate and distinct. It should be noted that the amount of salary and the grant of options is at the discretion of the board of directors. The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to Shareholders.

The Company's Constitution and ASX Listing Rules specify that aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of Shareholders. Approval by Shareholders was granted at a general meeting on 12 August 2008 to pay Non-Executive Directors an aggregate amount of \$200,000 per annum. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Each Non-Executive Director may also receive an equity based component where approval has been received from Shareholders in a general meeting.

The Company does not currently have a remuneration committee, the functions of which are carried out by the full board. Remuneration for directors and executives are not linked directly to the performance of the economic entity.

The Company has Employment and/or Consultancy Agreements in place with Dr Irmgard Irminger-Finger and Dr Leearne Hinch. The major provisions of each of the agreements relating to compensation are set out below.

Dr Irmgard Irminger-Finger

Dr Irmgard Irminger-Finger has a Consultancy Agreement with the Company dated 1 June 2016 to perform the role of Chief Scientific Officer as specified in the Consultancy Agreement under which Dr Irminger-Finger will be paid \$150,000 per annum for the equivalent of a 0.5 Full Time Equivalent. This arrangement can be terminated by either party by providing 180 days written notice, which based on current remuneration rates would amount to a termination payment of \$75,000.

Dr Leearne Hinch

Dr Leearne Hinch has an Executive Employment Agreement with the Company dated 7 November 2016 to perform the role of Chief Executive Officer. This arrangement can be terminated by either party by providing 6 months written notice, which based on current remuneration rates would amount to a termination payment of \$175,000.

Dr Hinch is eligible for a Short Term Incentive (STI) of up to 40% of Total Fixed Remuneration at the end of each 12 month period. Payment of the STI is based on achievement of Key Performance Indicators (KPIs) to be set and agreed by the Board. To date these KPIs have not been set and no STI has been agreed.

Dr Hinch is eligible to a Long Term Incentive (LTI) being the Grant of options subject to shareholder approval and meeting KPIs agreed between the Board and Dr Hinch. The only milestone agreed between the Board and Dr Hinch was the completion of a probationary period. Initially it was agreed that 20 million options would be issued subject to KPIs with 5 million being issued upon completion of the probationary period which has been met. Subsequent to the completion of the probation period, but prior to obtaining shareholder approval for the award, the Company and Dr Hinch agreed that no options would be issued and that the LTI to be awarded to Dr Hinch would be further considered and agreed with the Board. As a result no expense in relation to the proposed LTI package for Dr Hinch has been brought to account during the year.

The Company does not have any other consultancy or employment agreements in place.

Remuneration of key management personnel

KMP Remuneration

		Short Term Benefits. Salary And Fees	Post Employment Benefits. Superannuation	Long Term Benefits.	Total
P Gunzburg Chairman	2017 ¹ 2016 ²	108,333 2,637	10,292 686	- -	118,625 3,323
I Irminger-Finger Executive-Director	2017 ¹ 2016 ²	157,083 5,417	- -	- -	157,083 5,417
G Laurent Non-Executive Director	2017 ¹ 2016 ²	36,000 928	2,280 -	- -	38,280 928
B Montgomery Non-Executive Director	2017 ¹ 2016 ²	36,000 1,430	- -	- -	36,000 1,430
L Hinch Chief Executive Officer	2017 ¹ 2016 ²	203,101 -	12,780 -	21,369 -	237,250 -
Total	2017¹	540,517	25,352	21,369	587,238
Total	2016²	10,412	686	-	11,098

1. Disclosure is for the year ended 30 June 2017
2. Disclosure is for the 6 months ended 30 June 2016

Consolidated Entity Performance

The table below shows the performance of the consolidated entity as measured by the consolidated entity's closing share price and EPS over the last five years.

	12 Months ended 31 December 2013	12 Months ended 31 December 2014	12 Months ended 31 December 2015	6 months ended 30 June 2016	12 months ended 30 June 2017
Closing share price	N/A**	N/A**	N/A**	\$0.022	\$0.01
Loss after tax	(271,724)	(86,907)	(85,269)	(2,841,093)	(2,604,171)
EPS (\$ per share)	(0.12) *	(0.38) *	(0.038) *	(0.011)*	(0.0045)*

* The loss per share calculations for all periods prior to 30 June 2017 have been adjusted by factors of 1.041 and 1.008 respectively to reflect the bonus element of the capital raising and Share Purchase Plan completed subsequent to year end.

** BARD1AG was not a listed entity during these periods.

Options Granted and Vested during the year ended 30 June 2017

SHARE OPTIONS

Shares issued as a result of the exercise of options

No options were exercised during the period and up to the date of the directors' report.

Options issued during the financial year

There were no options issued during the period and up to the date of the directors' report and there are currently no options on issue.

DIRECTORS SHAREHOLDINGS

At 30 June 2017 the interests of the directors in the ordinary shares and performance shares in the Company were:

Ordinary & Performance Shares	Balance Ordinary Shares 30 June 2016	Granted as Remuneration	Net change other	Balance Ordinary Shares 30 June 2017	Unquoted Performance Shares at 30 June 2016	Unquoted Performance Shares at 30 June 2017
Peter Gunzburg	26,455,932	-	3,379,072	29,835,004	-	-
Brett Montgomery	4,700,000	-	-	4,700,000	-	-
Dr Irmgard Irminger-Finger	108,252,420	-	-	108,252,420	**108,252,420	**108,252,420
Prof. Geoffrey Laurent	10,599,600	-	-	10,599,600	**9,999,600	**9,999,600

* These shares are escrowed for 2 years from the date of quotation

** The Performance Shares are escrowed for 2 years from date of quotation and have an expiry date of 5 years. Milestones for conversion are as follows:

- each Performance Share will convert into one Share upon the announcement by the ASX of the following prior to the Expiry Date;
- the clinical trial of the blood test developed by BARD1AG SA S.A. for the detection of lung cancer (BBLC Test) has been completed;
- the clinical trial involved at least 2,000 participants, and returned a detection rate greater than 80%, and false positive results of less than 20%; and
- the results of the clinical trial provide statistically significant evidence that the BBLC Test provides an outcome equal or superior to the current "gold standard" CT Scan, which has a detection rate of less than 80%, and returns false positive results of more than 20%.

Performance Shares are unquoted, not entitled to dividends and there are no participation rights or entitlements inherent in the Performance Shares and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Shares. The Performance Shares formed consideration for shares held in BARD1AG SA rather than remuneration.

Loans to Key Management Personnel

There have been no loans to KMP's during the financial year. As at 30 June 2016 Dr Irminger-Finger was owed \$34,350 (CH 25,500) by BARD1AG SA for outstanding Convertible Notes. The amount was repaid on 13 July 2016. There were no amounts owed to KMP's at 30 June 2017.

Other Transactions with KMPs

There have been no other transactions with KMP's during the financial year.

** END OF REMUNERATION REPORT **

NON-AUDIT SERVICES

During the twelve months ending 30 June 2017 no fees were paid to external auditors Ernst & Young for non-audit services.

AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the twelve months ending 30 June 2017 has been received and can be found on page 9.

Signed in accordance with a resolution of the directors



Peter Gunzburg
Executive Chairman
28 September 2017



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Auditor's independence declaration to the Directors of BARD1 Life Sciences Limited

As lead auditor for the audit of BARD1 Life Sciences Limited for the financial year ended 30 June 2017, 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 audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

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 September 2017

	Note	Consolidated Group	
		For the twelve months ended 30 June 2017 \$	For the six months ended 30 June 2016 \$
Revenue and other income	3	44,028	-
Employee benefits expense	3	(701,669)	(13,673)
Listing expense on acquisition of Bard1 Life Sciences Limited	3	-	(2,463,404)
Loss arising from re-measurement of financial liabilities	3	-	(250,000)
Depreciation expense	3	(8,008)	(4,253)
Movement in the fair value of investments classified held for trading		(8,990)	-
Impairment of available for sale financial assets		(56,458)	-
Foreign exchange gain/(loss)		13,754	-
Research and development		(1,089,976)	-
Patent expenses		(131,187)	-
Share based payments expense		(25,000)	-
Provision for grant repayment		(65,413)	-
Administration costs	3	(575,252)	(109,763)
Loss before income tax expense		(2,604,171)	(2,841,093)
Income tax expense	4	-	-
Loss after income tax expense		(2,604,171)	(2,841,093)
Other comprehensive income			
<i>Items that may be subsequently reclassified to operating result</i>			
Foreign currency translation	13	3,187	2,645
Fair value loss on available for sale financial assets		(56,458)	-
Impairment loss reclassified to profit and loss		56,458	-
Other comprehensive income for the year, net of tax		3,187	2,645
Total comprehensive loss attributable to the members of BARD1 Life Sciences Limited		(2,600,984)	(2,838,448)
Loss per share:		Cents	Cents
Basic loss per share	18	(0.45)*	(1.1) *
Diluted loss per share	18	(0.45) *	(1.1) *

* The loss per share calculations for all periods prior to 30 June 2017 have been adjusted by factors of 1.041 and 1.008 respectively to reflect the bonus element of the capital raising and Share Purchase Plan completed subsequent to year end.

The accompanying notes form part of these financial statements.

		Consolidated Group	
	Notes	30 June 2017 \$	30 June 2016 \$
Current Assets			
Cash and cash equivalents	15	650,051	3,097,751
Trade and other receivables	5	31,956	76,412
Held for trading investments	6	16,659	25,649
Total Current Assets		698,666	3,199,812
Non-Current Assets			
Property, plant and equipment	8	-	8,008
Financial assets classified as available for sale	7	28,230	84,689
Total Non-Current Assets		28,230	92,697
TOTAL ASSETS		726,896	3,292,509
Current Liabilities			
Trade and other payables	9	422,946	368,977
Provisions	10	46,013	20,224
Convertible notes	11	-	69,387
Total Current Liabilities		468,959	458,588
TOTAL LIABILITIES		468,959	458,588
NET ASSETS		257,937	2,833,921
EQUITY			
Issued Capital	12	6,645,495	6,620,495
Distribution reserve	13	(309,421)	(309,421)
Foreign exchange translation reserve	13	(38,085)	(41,272)
Accumulated losses	14	(6,040,052)	(3,435,881)
TOTAL EQUITY		257,937	2,833,921

The accompanying notes form part of these financial statements.

For the year ended 30 June 2017

	Issued Capital \$	Accumulated Losses \$	Available for sale Reserve	Distribution Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
Balance at 30 June 2016	6,620,495	(3,435,881)	-	(309,421)	(41,272)	2,833,921
Loss for the period	-	(2,604,171)	-	-	-	(2,604,171)
Other comprehensive income	-	-	(56,458)	-	3,187	(53,271)
Impairment loss reclassified to loss for the period	-	-	56,458	-	-	56,458
Total comprehensive loss for the period	-	(2,604,171)	-	-	3,187	(2,600,984)
Issue of shares – net of costs	25,000	-	-	-	-	25,000
Balance at 30 June 2017	6,645,495	(6,040,052)	-	(309,421)	(38,085)	257,937

For the six months ended 30 June 2016

	Issued Capital \$	Accumulated Losses \$	Distribution Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
Balance at 1 January 2016	329,092	(594,788)	-	(43,917)	(309,613)
Loss for the period	-	(2,841,093)	-	-	(2,841,093)
Other comprehensive income	-	-	-	2,645	2,645
Total comprehensive loss for the period	-	(2,841,093)	-	2,645	(2,838,448)
Issue of shares – net of costs	6,291,403	-	-	-	6,291,403
Distribution to owners	-	-	(309,421)	-	(309,421)
Balance at 30 June 2016	6,620,495	(3,435,881)	(309,421)	(41,272)	2,833,921

The accompanying notes form part of these financial statements.

	Notes	Consolidated Group	
		For the year ended 30 June 2017 \$	For the six months ended 30 June 2016 \$
Cash Flows from Operating Activities			
Interest received		4,204	-
Other receipts from customers		39,824	-
Payments to suppliers and employees		(2,422,341)	(77,100)
Interest paid		-	(1,016)
Net cash flows used in operating activities	15	(2,378,313)	(78,116)
Cash Flows from Investing Activities			
Net cash acquired on acquisition of subsidiary		-	701,227
Net cash inflows from investing activities		-	701,227
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	3,000,000
Convertible notes repaid		(69,387)	-
Distribution to owners		-	(309,421)
Share issue costs		-	(283,103)
Net cash inflow from/(used in) financing activities		(69,387)	2,407,476
Net increase/(decrease) in cash and cash equivalents		(2,447,700)	3,030,587
Cash and cash equivalents at the beginning of the financial period		3,097,751	67,164
Cash equivalents at the end of the financial period	15	650,051	3,097,751

The accompanying notes form part of these financial statements.

1. CORPORATE INFORMATION

The financial report of BARD1 Life Sciences Limited (the Company) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 28 September 2017.

BARD1 Life Sciences Limited is a Company limited by shares incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange. The company is a for-profit entity. The principal activities of the consolidated group during the financial year were the research and development of non-invasive diagnostic tests for early detection of cancer, based on certain proprietary intellectual property.

The company's registered office is Unit B1, Tempo Building, 431 Roberts Road, Subiaco Western Australia 6008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report has been prepared on a historical cost basis, except for held for trading and available for-sale investments, which have been measured at fair value. The financial report is prepared in Australian dollars.

The 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 year ended 30 June 2017, the Group incurred a net loss after tax of \$2,604,171 and a cash outflow from operating activities of \$2,378,313. At 30 June 2017, the Group had cash and cash equivalents of \$650,051 and net current assets of \$229,707.

The Company's cash flow forecasts for the twelve months ending 30 September 2018 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.

(b) Acquisition of BARD1 Life Sciences Limited - comparatives

On 17 June 2016 BARD1 Life Sciences Limited (formerly Eurogold Limited) completed the legal acquisition of BARD1AG SA. Under the Australian Accounting Standards BARD1AG SA was deemed to be the accounting acquirer in this transaction. The acquisition was accounted for as a share based payment by which BARD1AG SA acquires the net assets and listing status of BARD1 Life Sciences Limited.

Accordingly, the comparative 2016 consolidated financial statements of BARD1 Life Sciences Limited were prepared as a continuation of the business and operations of BARD1AG SA as the deemed acquirer. In the comparative period the consolidated entity changed its financial year from 31 December to 30 June. Accordingly, the comparative Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows are for the six month period ended 30 June 2016.

(c) Compliance Statement and conversion to IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Reporting Standards (IFRS) as issued by the International Accounting Standards. Where applicable new and amended standards and interpretations effective for 1 July 2016 were adopted. There has been no material impact from their adoption.

(d) New Accounting Standards and Interpretations that are not yet mandatory

Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2017. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 9, and relevant amending standards	<i>Financial Instruments</i>	AASB 9 replaces AASB 139 <i>Financial Instruments: Recognition and Measurement</i>. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 15, and relevant amending standards	<i>Revenue from Contracts with Customers</i>	AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 <i>Construction Contracts</i>, AASB 118 <i>Revenue</i>, AASB Interpretation 13 <i>Customer Loyalty Programmes</i>, AASB Interpretation 15 <i>Agreements for the Construction of Real Estate</i>, AASB Interpretation 18 <i>Transfers of Assets from Customers</i> and AASB Interpretation 131 <i>Revenue – Barter Transactions Involving Advertising Services</i>) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 <i>Leases</i>, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps: ▶ Step 1: Identify the contract(s) with a customer ▶ Step 2: Identify the performance obligations in the contract ▶ Step 3: Determine the transaction price ▶ Step 4: Allocate the transaction price to the performance obligations in the contract Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	1 January 2018	1 July 2018
AASB 2016-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	The amendments to AASB 107 <i>Statement of Cash Flows</i> are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).	1 January 2017	1 July 2017
AASB 2016-5	<i>Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions</i>	This Standard amends AASB 2 <i>Share-based Payment</i>, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: ▶ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ▶ Share-based payment transactions with a net settlement feature for withholding tax obligations • A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018	1 July 2018
AASB Interpretation 22	<i>Foreign Currency Transactions and Advance Consideration</i>	The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard	Application date for Group
		entity must determine a date of the transactions for each payment or receipt of advance consideration.		
AASB 16	Leases	AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.	1 January 2019	1 July 2019

The potential effect of these standards is yet to be fully determined. For standards and interpretations effective from 1 July 2017, it is not expected that the new Standards and Interpretations will significantly affect the Group's financial position or performance.

(e) Statement of Significant Accounting Policies

(i) Basis of Consolidation

The consolidated financial statements comprise the financial statements of BARD1 Life Sciences Limited and its subsidiaries as at 30 June 2017 (the Group).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains

control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Business combinations are accounted for using the acquisition method.

(ii) *Revenue recognition*

Revenue is recognised and measured at the amount received or receivables to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of Services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset) to the net carrying amount of the financial asset.

(iii) *Income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of the assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary difference associated with investments in subsidiaries, deferred tax asset are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(iv) *Goods and services tax*

Revenues, expenses and assets (other than receivables) are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(v) *Plant and equipment*

Cost

Plant and equipment is stated at cost less any accumulated depreciation and any impairment losses.

The cost of an item of plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation

Depreciation is provided on a straight-line basis on all plant and equipment. Major depreciation periods are:

	<u>Life</u>	<u>Method</u>
Office furniture & equipment	3 – 5 years	straight line

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

De-recognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

(vi) *Impairment of non-financial assets*

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

As assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

(vii) *Trade and other receivables*

All trade and other receivables are initially recognised at the fair value of the consideration receivable and are subsequently measured at amortised cost.

Receivables from related parties are recognised and carried at the fair value of the consideration receivable and are subsequently measured at amortised cost.. Interest is taken up as income on an accrual basis.

An allowance for doubtful debts are made based on an assessment made by directors on the recoverability of receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(viii) *Investments and other financial assets*

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale assets. The classification depends on the purpose for which the investments were acquired.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and De-recognition

All regular way purchases and sales of financial assets are recognised on the trade date, ie the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or been transferred.

(i) *Financial assets at fair value through profit or loss*

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

(ii) *Held-to-maturity investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) *Available-for-sale investments*

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale or are not classified as any of the two preceding categories. After initial recognition available-for-sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date.

(ix) *Leased assets*

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the specific asset or assets and the arrangement conveys a right to use the asset.

Operating Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are expensed in the profit or loss on a straight-line basis over the term of the lease.

(x) *Trade and other payables*

Liabilities for trade creditors and other amounts are carried at amortised cost and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

(xi) *Foreign currency translation*

Both the functional and presentation currency of BARD1 Life Sciences Limited is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance date. All exchange differences in the consolidated financial report are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the original transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The results of the Group's non-A\$ reporting subsidiary is translated into A\$ (presentation currency).

Income and expenses are translated at the exchange rates at the date of the transactions. Assets and liabilities are translated at the closing exchange rate for each balance sheet date. Share capital, reserves and accumulated losses are converted at applicable historical rates.

Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity. On consolidation, exchange differences arising from the translation of monetary items considered to be part of the net investment in subsidiaries are taken to the foreign currency translation reserve. If a subsidiary were sold, the proportionate share of the foreign currency translation reserve would be transferred out of equity and recognised in the statement of comprehensive income.

(xii) *Employee benefits*

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to high quality corporate bonds that have terms to maturity approximating the terms of the related liability are used.

(xiii) *Provisions*

A provision is recognised when a legal or constructive obligation exists as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(xiv) *Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(xv) *Issued Capital*

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity, net of tax, as a reduction of the proceeds received.

(xvi) *Earnings Per Share*

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than dividends on ordinary shares), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and other non-discretionary changes in revenues and expenses that would result from the dilution of potential ordinary shares, by the weighted average number of ordinary shares and dilutive potential ordinary shares of the Company adjusted for any bonus issue.

(xvii) *Interest-bearing loans and borrowings*

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(xviii) *Judgements in applying accounting policies and key sources of estimation uncertainty*

(i) *Significant accounting estimates and assumptions*

The carrying value of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are outlined below.

(ii) *Impairment of available-for-sale assets*

The Group holds a number of available-for-sale financial assets and follows the requirements of AASB 139 *Financial Instruments: Recognition and Measurement* in determining when an available-for-sale asset is impaired.

In making these estimates of assumptions the Group assessed the duration and extent to which the fair value is less than cost. In this context, the Group generally considers a decline in fair value of greater than 20% below cost or persisting for greater than 12 months as significant or prolonged and therefore recognises an impairment charge for such declines.

(iii) *Research and development expenditure*

Determination of whether expenditure during the period satisfies the criteria under the Group's accounting policy for recognition as development expenditure is a significant judgement applied by the Group. During the current period, no expenditure was considered to meet the criteria to be recognised as a development asset and all expenditure was therefore expensed as incurred.

(xix) *Research and Development*

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

(xx) *Convertible notes*

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the Statement of Financial Position, net of transaction costs.

On issuance of the convertible notes, the fair value of the liability component is determined using an estimated market rate for an equivalent non-convertible bond and this amount is carried as a liability on an amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. Interest on the liability component of the instruments is recognised as an expense in the Statement of Comprehensive Income.

The fair value of any derivative features embedded in the convertible notes, other than the equity component, are included in the liability component. Subsequent to initial recognition, these derivative features are measured at fair value with gains and losses recognised in the profit and loss if they are not closely related to the host contract.

(xxi) *Share-based payments*

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

	Consolidated Group	
	For the year ended 30 June 2017 \$	For the six months ended 30 June 2016 \$
3. REVENUE AND EXPENSES		
Revenue and other income		
Interest received	4,204	-
Other income	39,824	-
	<u>44,028</u>	<u>-</u>
Expenses		
Employee benefits	701,669	13,673
Listing fee expense on acquisition of BARD1 (Note 27)	-	2,463,404
Loss arising from re-measurement of financial liabilities	-	250,000
Depreciation	8,008	4,253
Administration Costs	575,252	109,763
4. INCOME TAX		
(a) Major components of income tax expense for the periods presented are:		
Statement of comprehensive income		
Current income tax charge	-	-
Deferred income tax	-	-
	<u>-</u>	<u>-</u>
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	<u>-</u>	<u>-</u>
(b) Amounts charged or credited directly to equity		
Deferred income tax related to items charged (credited) directly to equity		
Foreign currency translation	-	-
Income tax reported in equity	<u>-</u>	<u>-</u>
(c) A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the periods ended 30 June 2017 and 30 June 2016 is as follows:		
Accounting loss before tax	<u>(2,604,171)</u>	<u>(2,841,093)</u>
At statutory income tax rate of 27.5% (2016: 30%)	(716,147)	(852,327)
Adjustment for difference in tax rates	2,504	5,558
Items not deductible for tax purposes	16,042	814,021
Expenditure deductible for tax purposes	(46,228)	-
Deferred tax assets not brought to account	<u>743,829</u>	<u>32,748</u>
Income tax expense reported in the Statement of Comprehensive Income	<u>-</u>	<u>-</u>

Tax Losses

Unused tax losses for which no tax loss has been booked as a deferred tax asset

7,296,574 3,988,753

Potential benefit at relevant income tax rate-

2,006,558 1,173,835

**Statement of
Financial
Position**

2017 **2016**
\$ **\$**

(d) **Deferred income tax**

Deferred income tax at the balance date relates to the following

Capital raising costs	67,397	98,031
Provision for employee entitlements	12,654	6,067
Listed investments held for trading	65,155	66,573
Accruals	53,579	78,482
Unrealised losses on shares	610,105	648,631
Tax losses	2,006,558	1,173,835
Net deferred tax asset	2,815,448	2,071,619

Temporary differences not recognised

(2,815,448) (2,071,619)

Deferred tax benefit recognised

- -

Deferred tax assets have not been brought to account at 30 June 2017 because the directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. These benefits will only be obtained if:

- (i) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- (ii) the Consolidated Entity complies with the conditions for the deductibility imposed by law including the continuity of ownership and/or business tests; and
- (iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deduction for the loss.

Consolidated Group

30 June 2017 **30 June 2016**
\$ **\$**

5. TRADE AND OTHER RECEIVABLES

Current

Other receivables

31,956 76,412

31,956 **76,412**

Terms and conditions relating to the above financial instruments:

- (i) There are no receivables that are aged past the payment terms, and all receivables are current.

6. INVESTMENTS CLASSIFIED AS HELD FOR TRADING

Shares in listed entities classified as held for trading

16,659 25,649

16,659 **25,649**

Investments classified as held for trading consist of investments in ordinary shares. The fair value has been determined by Level 1 in accordance with the fair value hierarchy under AASB 13 *Fair Value Measurement* disclosed in Note 25(c).

Consolidated Group	
30 June	30 June
2017	2016
\$	\$

7. AVAILABLE FOR SALE FINANCIAL ASSETS

Shares in listed entities classified as available for sale (1)	28,230	84,689
	28,230	84,689

(1) Investments classified as available for sale consist of investments in ordinary shares. The fair value has been determined by Level 1 in accordance with the fair value hierarchy under AASB 13 *Fair Value Measurement* disclosed in Note 25(c).

8. PROPERTY, PLANT AND EQUIPMENT

Office equipment and furniture		
Gross carrying value at cost	33,239	33,239
Less accumulated depreciation	(33,239)	(25,231)
Net carrying amount at end of year	-	8,008

9. PAYABLES AND ACCRUALS

Trade and other payables	422,946	368,977
	422,946	368,977

Trade and other payables are generally unsecured, interest free and on 30 day terms.

10. PROVISIONS

Annual Leave	35,731	20,224
Long Service Leave	10,282	-
	46,013	20,224

11. BORROWINGS

Convertible Notes	-	69,387
	-	69,387

The notes were entered into in July 2015 with a term of one year. The note could be repaid earlier by BARD1AG SA by giving one-month notice. The notes were unsecured, did not bear interest and were convertible into shares of BARD1AG at the lower of the valuation of the Company at the time of conversion or \$1,923,600 (CHF1,400,000). The amount was repaid in full on 13 July 2016 for \$67,495 based on the exchange rate prevailing at that date.

12. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	30 June 2017 \$	30 June 2016 \$		
Ordinary shares (net of issue costs)	6,645,495	6,620,495		
	For the year ended 30 June 2017		For the six months ended 30 June 2016	
	Number of shares	\$	Number of shares	\$
At the beginning of the period	551,996,585	6,620,495	300,000	329,092
Elimination of all BARD1AG SA shares on acquisition of BARD1 Life Sciences Limited	-	-	(300,000)	-
Existing shares of Bard1 Life Sciences Limited	-	-	172,493,350	-
Acquisition of BARD1AG SA	-	-	217,003,235	3,449,867
Issue of shares on re-compliance	-	-	150,000,000	3,000,000
Issued to University pursuant to agreement	-	-	12,500,000	250,000
Issued for services provided ⁽¹⁾	833,334	25,000	-	-
Less: transaction costs	-	-	-	(408,464)
At the end of the period	552,829,919	6,645,495	551,996,585	6,620,495

⁽¹⁾ The fair value of this share based payment was based on the value of services received as outlined on the service provider's invoice.

(b) Terms and conditions of contributed equity

Ordinary Shares

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Performance Shares

Performance shares have no right to receive dividends. Each Performance Share will convert into one Share upon the announcement by the ASX of the following prior to the Expiry Date:

- the clinical trial of the blood test developed by BARD1AG S.A. for the detection of lung cancer (BBLC Test) has been completed;
 - the clinical trial involved at least 2000 participants, and returned a detection rate greater than 80%, and false positive results of less than 20%; and
 - the results of the clinical trial provide statistically significant evidence that the BBLC Test provides an outcome equal or superior to the current "gold standard" CT Scan, which has a detection rate of less than 80%, and returns false positive results of more than 20%.
- ("Milestone")

Performance Shares expire on 17 June 2022, being 5 years from the date of issue and are escrowed for 2 years from the date the Company received re-admission to the Official List of ASX.

If the Milestone is not met by 5.00pm (WST) on the Expiry Date the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of Performance Shares on issue into one ordinary share per performance share.

Performance Shares are not transferrable.

Performance Shareholders shall have no right to vote, subject to the Corporations Act or any right to participate in new issues of Capital offered to holders of ordinary shares.

The Performance Shares are unquoted. No application for quotation of the Performance Shares will be made by the Company.

(c) Capital management

When managing capital, defined as equity and debt facilities, management's objective is to ensure that the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

13. RESERVES

Distribution reserve
Foreign currency translation reserve

Distribution Reserve

Balance at beginning of year
Cash consideration paid to BARD1AG SA shareholders
Balance at the end of the year*

*Foreign Currency Translation Reserve ***

Balance at beginning of year
Foreign currency translation
Balance at the end of the year

*Available for Sale Reserve****

Balance at beginning of year
Fair Value loss on available for sale financial assets
Impairment loss reclassified to profit and loss
Balance at the end of the year

Consolidated Group

	30 June 2017	30 June 2016
	\$	\$

	309,421	309,421
	38,085	41,272
	347,506	350,693

	309,421	-
	-	309,421
	309,421	309,421

	41,272	43,917
	(3,187)	(2,645)
	38,085	41,272

	-	-
	(56,458)	-
	56,458	-
	-	-

- * The distribution reserve is used to record the accounting distribution to BARD1AG SA shareholders as part of the transaction to acquire BARD1 Life Sciences Limited.
- ** The foreign currency translation reserve is used to record the transition of the results of non-A\$ subsidiaries from their functional currency to the Group's presentation currency.
- *** The net unrealised gain reserve is used to record the movements in the fair value of available for sale investments

14. ACCUMULATED LOSSES

	Consolidated Group	
	For the year ended 30 June 2017	For the six months ended 30 June 2016
	\$	\$
Balance at the beginning of the year	(3,435,881)	(594,788)
Net loss attributable to members	(2,604,171)	(2,841,093)
	(6,040,052)	(3,435,881)

15. CASH AND CASH EQUIVALENTS

Cash at bank	650,051	
Net loss after income tax	(2,604,171)	(2,841,093)
Depreciation	8,008	4,253
Listing fee expense on acquisition of Bard 1	-	2,463,404
Loss arising from re-measurement of financial liabilities	-	250,000
Share based payments expenses	25,000	-
Fair value adjustment on investments classified as Held for trading	8,990	-
Impairment of available for sale financial assets	56,458	-
<i>Changes in Assets & Liabilities:</i>		
(Increase)/decrease in receivables	44,456	97,273
Increase/(decrease) in payables	57,157	(51,953)
Increase/(decrease) in provisions	25,789	-
Net cash used in operating activities	(2,378,313)	(78,116)

16. EXPENDITURE COMMITMENTS

(a) Remuneration Commitments

Commitments for the payment of termination benefits under consultancy and executive employment agreements in existence at the reporting ate but not recognised as liabilities, payable:

	30 June 2017	30 June 2016
	\$	\$
Not later than one year	250,000	-
Later than one year and not later than five years	-	-
	250,000	-

17. SEGMENT INFORMATION

For management purposes, the Group is organised into one main operating segment, being the development, though certain proprietary intellectual property, a simple blood test for the screening and diagnosing of lung cancer at an early stage of disease progression. The chief operating decision makers of the Group are the Chairman, Chief Executive Officer and Chief Scientific Officer.

All the Group's activities are interconnected and all significant operating decisions are based on analysis of the Group as one segment. The financial results of the segment are the equivalent of the financial statements as a whole. At 30 June 2017, all revenues and material assets are considered to be derived and held in one geographical area being Australia.

18. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period adjusted by any bonus issue.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the parent adjusted for the weighted average number of ordinary shares and dilutive potential ordinary shares of the Company adjusted by any bonus issue.

The following reflects the income and share data used in the basic and diluted earnings per share computations

	Consolidated Group For the year ended 30 June 2017 \$	For the six months ended 30 June 2016 \$
Net Loss used in calculating basic and diluted EPS	(2,604,171)	(2,841,093)
Weighted average number of ordinary shares for basic earnings per share	552,208,915	241,063,532
Effect of dilution*: Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	552,208,915	241,063,532
Basic and diluted loss per share (cents per share) for the year attributable to members of BARD1 Life Sciences Limited	(0.45)**	(1.1)**

* At 30 June 2017, the Company had on issue 217,003,236 (2016: 217,003,236) performance shares that could potentially dilute basic earnings per share in the future, but are excluded from the calculation of diluted loss per share for the current period, because they were anti-dilutive as their inclusion reduced the loss per share.

**The loss per share calculations for all periods prior to 30 June 2017 have been adjusted by factors of 1.041 and 1.008 respectively to reflect the bonus element of the capital raising and Share Purchase Plan completed subsequent to year end.

19. DIRECTORS & KEY MANAGEMENT PERSONNEL

(a) Compensation by Category: Key Management Personnel

	Consolidated Group For the year ended 30 June 2017 \$	For the six months ended 30 June 2016 \$
Short-term employee benefits	565,889	11,098
Long Term Benefits	21,369	-
	587,258	11,098

Key management personnel are those directly accountable and responsible for the operational management and strategic direction of the Company and the consolidated entity.

(b) Options granted to Key Management Personnel

There were no options granted to Key Management Personnel during the year (2016: Nil).

(c) Loans to Key Management Personnel

As at 30 June 2016 Dr Irminger-Finger was owed \$34,350 (CH 25,500) by BARD1AG SA for outstanding Convertible Notes. Refer to Note 11 for the terms and conditions. The amount was repaid on 13 July 2016. There were no amounts owed to KMP's at 30 June 2017.

Consolidated	
For the year ended 30 June 2017	For the six months ended 30 June 2016
\$	\$

20. AUDITORS' REMUNERATION

Amounts received or due and receivable by Ernst & Young Australia for:

- an audit or review of the financial report of the entity and any other entity in the consolidated entity

39,655	39,140
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21. RELATED PARTY DISCLOSURES

Other related party transactions

(a) Wholly Owned Group Transactions

Details of interests in controlled entities are set out in Note 22. Details of dealings are set out below.

(b) Ultimate Parent Company

BARD1 Life Sciences Limited is the ultimate legal Australian holding Company.

(c) Transactions with Other Related Parties

The Company does not have any transactions with other related parties.

22. CONTROLLED ENTITIES

Consolidated entities of BARD1 Life Sciences Limited	Country of Incorporation	Equity Interest held %	
		30 June 2017	30 June 2016
BARD1AG SA ⁽¹⁾	Switzerland	100	100

- (i) On 17 June 2016, BARD1 Life Sciences Limited completed the legal acquisition of BARD1AG SA. Under the Australian Accounting Standards BARD1AG SA was deemed to be the accounting acquirer in this transaction and BARD1 Life Sciences Limited deemed to be the accounting acquiree. BARD1 Life Sciences Limited remains the legal parent.

23. EVENTS SUBSEQUENT TO BALANCE DATE

On 11 July 2017 the Company issued 137,165,811 ordinary shares at an issue price of \$0.008 raising \$1,097,326 (before costs) via a placement to sophisticated and professional investors.

On 7 August 2017 the Company issued 52,000,000 shares at an issue price of \$0.008 to existing shareholders pursuant to a Share Placement Plan raising \$422,400 (before costs).

On 20 July 2017 the Company announced the appointment of Dr Samuel James to its Advisory Board. Subject to Shareholder approval Dr James will be granted 2,000,000 options to acquire fully paid shares in the capital of the Company at an exercise price of \$0.0128 with a 4 year expiry that shall vest upon the completion of 12 months service.

At the date of this report, other than that outlined above, there have been no matters or circumstances that have arisen since the end of the period which significantly, or may significantly effect:

- The consolidated group's operations in future years;
- The results of those operations in future years; or
- The consolidated entity's state of affairs in future years.

24. PARENT ENTITY –

Information relating to Bard1 Life Sciences Limited	For the year ended 30 June 2017 \$	For the year ended 30 June 2016 \$
Current assets	692,587	3,188,536
Total assets	720,817	3,273,225
Current liabilities	295,660	(21,173)
Non-current liabilities	-	-
Total liabilities	295,660	(21,173)
Issued capital	68,720,059	68,720,059
Accumulated losses	(68,340,582)	(65,513,679)
Reserves	45,680	45,680
Total shareholders' equity	425,157	3,252,052
Loss of the parent entity	(2,826,903)	(5,683,388)
Total comprehensive loss of the parent entity	(2,826,903)	(5,683,388)

Refer to note 26 for disclosure of any contingent asset and liabilities of the parent entity.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Financial Risk Management Objectives & Policies

The Group's principal financial instruments comprise cash, investments in listed companies, some of which are classified as held for trading and some considered long-term investments, and short-term borrowings.

The main purpose of these financial instruments is to raise finance for the Group operations. The Group has various other financial assets and liabilities such as receivables and payables, which arise directly from its operations.

The Chairman is responsible for managing the risks associated with the Group's financial investments and reporting to the board of directors.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(b) Interest Rate Risk - Consolidated

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets (excluding investments in controlled entities and associates) and financial liabilities are as follows:

Financial Instrument	Floating Interest Rate		Non-Interest Bearing		Fixed Interest Rate		Total	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	\$	\$	\$	\$	\$	\$	\$	\$
(i) Financial Assets								
Cash assets	650,051	3,097,751	-	-	-	-	650,051	3,097,751
Receivables	-	-	31,956	76,412	-	-	31,956	76,412
Total financial assets	650,051	3,097,751	31,956	76,412	-	-	682,007	3,174,163
(ii) Financial Liabilities								
Payables	-	-	422,946	368,977	-	-	422,946	368,977
Convertible notes	-	-	-	69,387	-	-	-	69,387
Total financial liabilities	-	-	422,946	438,364	-	-	422,946	438,364

A reasonably possible change in interest rates would not have a material impact on the financial position or performance of the consolidated entity.

c) Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements at amortised cost materially approximates their respective fair values.

The Fair Value Hierarchy assigns rankings to the level of judgment which is applied in deriving inputs for valuation techniques used to measure fair value. The three levels of the Fair Value Hierarchy are as follows:

Level 1 is the preferred input for valuation and reflects unadjusted quoted prices in active markets for identical assets or liabilities which the economic entity can access at the end of the reporting period. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 is the valuation of assets and liabilities either directly or indirectly based upon market observables other than quoted prices. For example: financial assets with fair values based on broker quotes; investments in private equity funds with fair values obtained via fund managers; and assets that are valued using the economic entities' own models whereby the majority of assumptions are market observable.

Level 3 relates to inputs that are unobservable. Unobservable inputs means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Investments classified as held for trading and held for sale consist of investments in listed shares. Fair value of the investments has been determined as described in Level 1 above.

(d) Credit Risk Exposures

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount, net of any allowance for doubtful debts, of those assets as indicated in the statement of financial position.

Concentration of Credit Risk

The consolidated entity is not materially exposed to any individual overseas country or individual customer.

The company only banks with reputable financial institutes with good credit ratings.

(e) **Liquidity Risk**

The consolidated entity's objective is to maintain consistency of funding via the raising of equity or short term loans as and when required. The contractual maturity analysis of trade payables is set out in note 9. All liabilities are contractually due and payable in the next six months. The convertible note had a contractual maturity of 1 month as at 30 June 2016 and was fully repaid on 13 July 2016.

(f) **Market Price Risk on Held for Trading and Available for Sale Investments**

The amount of investments recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2.

A reasonably possible change in the market value of investments would not have a material impact on the financial position or performance of the group.

26. **CONTINGENT ASSET AND LIABILITIES**

BARD1 Life Sciences Limited 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 BARD1 Life Sciences Limited 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 yet commenced with the current owners of the project yet to secure a mining licence. At the time of the sale of the project by BARD1 Life Sciences Limited total reserves identified at the project were not in excess of 750,000 ounces.

27. **ACQUISITION OF BARD1 LIFE SCIENCES LIMITED**

On 17 June 2016, the Company successfully completed the acquisition of BARD1AG SA (**BARD1AG SA**) together with a \$3 million capital raising (**Acquisition Transaction**). The Acquisition Transaction resulted in BARD1AG SA's shareholders obtaining control of the Company and the board of directors being restructured such that one of the Company's three directors stepped down to be replaced by two BARD1AG SA nominees.

The combination of these factors resulted in the Acquisition Transaction being treated as a reverse acquisition for accounting purposes. Consequently, the Company (the legal parent) has been accounted for as the acquiree and BARD1AG SA (the legal subsidiary) has been accounted for as the acquirer. The acquisition has been accounted for as a share-based payment by which BARD1AG SA acquired the net assets and listing status of Bard1 Life Sciences Limited.

On 17 June 2016 the Acquisition Transaction was completed with the following issues effected.

- i) 217,003,236 Ordinary Shares issued to the BARD1AG SA Vendors (or their respective nominee) in consideration for the acquisition of their respective shares in BARD1AG SA;
- ii) 217,003,236 Performance Shares issued to the BARD1AG SA Vendors (or their respective nominee) in consideration for the acquisition of their respective shares in BARD1AG SA;
- iii) 150,000,000 Ordinary Shares issued to investors who subscribed in the capital raising

Performance Shares

Each Performance Share will convert into one Ordinary Share upon certain conditions being met prior to the Expiry Date.

The Performance Shares are escrowed for 2 years from date of issue and have an expiry date of 5 years. Milestones for conversion are as follows:

- each Performance Share will convert into one Share upon the announcement by the ASX of the following prior to the Expiry Date:
- the clinical trial of the blood test developed by BARD1AG SA S.A. for the detection of lung cancer (BBLC Test) has been completed;
- the clinical trial involved at least 2000 participants, and returned a detection rate greater than 80%, and false positive results of less than 20%; and
- the results of the clinical trial provide statistically significant evidence that the BBLC Test provides an outcome equal or superior to the current "gold standard" CT Scan, which has a detection rate of less than 80%, and returns false positive results of more than 20%.

Performance Shares are unquoted, not entitled to dividends and there are no participation rights or entitlements inherent in the Performance Shares and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Shares.

In addition to the above share issues, cash consideration of \$309,421 was provided to certain BARD1AG SA vendors. As a result of the deemed reverse acquisition under accounting standards as described previously, this payment was accounted for as a distribution to owners.

The Directors' of the Company declare that:

1) In the opinion of the directors:

the financial statements, notes and additional disclosures included in the directors' report designated as audited, of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

- (a) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year ended on that date;

2) The financial report also complies with International Financial Reporting Standards.

3) Subject to the matters set out in Note 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.

4) This declaration has been made after receiving the declarations required to be made to the Directors' in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017.

This declaration is made in accordance with a resolution of the Board of Directors signed on 28 September 2017.



Peter Gunzburg

Chairman

28 September 2017

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

Report on the audit of the financial report

Opinion

We have audited the 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 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Materiality uncertainty related to going concern

We draw attention to Note 2 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 opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. Except for the matter described in the *Material uncertainty related to going concern* section, we have determined that there are no other key audit matters to communicate in our report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2017, 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, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 internal control 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 control 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 to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year 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 audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of BARD1 Life Sciences Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



V L Hoang
Partner
Perth
28 September 2017

The Board of Directors of BARD1 Life Sciences Limited (the "Company") is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This statement sets out the main corporate governance practices in place throughout the financial year in accordance with 3rd edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

Further information about the Company's corporate governance practices is set out on the Company's website at www.bard1.com.

This Statement was approved by the Board of Directors and is current as at 28 September 2017.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ASX Recommendation 1.1: a listed entity should establish the functions reserved to the board and those delegated to senior executives and disclose those functions

The Company has complied with this recommendation.

The Board has adopted a formal charter that details the respective board and management functions and responsibilities. A copy of this board charter is available in the corporate governance section of the Company's website at www.bard1.com.

ASX Recommendation 1.2: a listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director and provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director

The Company has partially complied with this recommendation.

The Company has not appointed any Directors during the financial year.

Information in relation to Director/(s) seeking reappointment is set out in the Directors report and Notice of Annual General Meeting.

ASX Recommendation 1.3: a listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.

The Company has partially complied with this recommendation.

The Company has Executive Employment/Consultancy Agreements in place with Executive Director Dr Irmgard Irminger-Finger, CEO Leeearne Hinch and the Company Secretary Pauline Collinson. The major provisions of each of the agreements relating to compensation are set out below.

Dr Irmgard Irminger-Finger

Dr Irmgard Irminger-Finger has a Consultancy Agreement with the Company dated 1 June 2016 to perform the role of Chief Scientific Officer as specified in the Consultancy Agreement under which Dr Irminger-Finger will be paid \$150,000 per annum for the equivalent of a 0.5 Full Time Equivalent. This arrangement can be terminated by either party by providing 180 days written notice, which based on current remuneration rates would amount to a termination payment of \$75,000.

Dr Leeearne Hinch

Dr Leeearne Hinch has an Executive Employment Agreement with the Company dated 7 November 2016 to perform the role of Chief Executive Officer. This arrangement can be terminated by either party by providing 6 months written notice, which based on current remuneration rates would amount to a termination payment of \$175,000.

Mrs Pauline Collinson

Mrs Collinson has an Executive Employment Agreement with the Company dated 21 March 2016 to perform the role of Company Secretary. This arrangement can be terminated by either party by providing 3 months written notice, which based on current remuneration rates would amount to a termination payment of \$27,500. If Mrs Collinson's employment ends due to redundancy she is entitled to a payment of 6 months base salary as outlined in the Agreement.

The Company does not have any other consultancy or employment agreements in place.

ASX Recommendation 1.4: the Company Secretary of a listed company should be accountable directly to the board, through the Chair, on all matters to do with the proper functioning of the board.

The Company has complied with this recommendation.

The Board Charter provides for the Company Secretary to be accountable directly to the board through the Chair.

ASX Recommendation 1.5: a listed entity should:

- have a diversity policy which includes the requirement for the board to set measurable objectives for achieving gender diversity and assess annually the objectives and the entity's progress to achieving them;
- disclose the policy or a summary of it;
- disclose the measurable objectives and progress towards achieving them; and
- disclose the respective proportions of men and women on the board and at each level of management and the company as a whole

The Company partially complies with this recommendation.

The Company has adopted a Diversity Policy which is available in the corporate governance section of the Company's website at www.bard1.com.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The Company currently has six employees (including Directors) of which three are women with one woman being on the Board.

ASX Recommendation 1.6: a listed entity should disclose the process for evaluating the performance of the board, its committees and individual directors and whether a performance evaluation was carried out during the reporting period in accordance with that process.

The Company has not complied with this recommendation.

The Company has a self-evaluation of the Board.

There have been no performance evaluations during the year.

ASX Recommendation 1.7: a listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period where a performance evaluation was undertaken in accordance with a process.

The Company has not complied with this recommendation.

The Company has two executives being the Chief Executive Officer and the Company Secretary. The Board considers that, due to the size, nature and stage of development of the Company, a formal evaluation process is not required at this stage, however the Board realises the importance of implementing such a process as the Company develops.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

ASX Recommendation 2.1: The board of a listed entity should establish a nomination committee:

- with at least three members the majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings

The Company has not complied with this recommendation.

Given the present size and complexity of the Company the Board has not constituted a Nomination Committee with the full Board carrying out the role of a Nomination Committee.

ASX Recommendation 2.2: a listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership

The Company has complied with this recommendation.

On a collective basis the Board has the following skills:

Strategic expertise – the majority of the Board have the ability to identify and critically assess strategic opportunities and threats and develop strategies.

Industry knowledge – Directors Professor Geoffrey Laurent and Dr Irmgard Irminger-Finger, have a broad range of experience and expertise in the industry.

International experience –All members of the Board have an understanding of the complexities of operating in foreign jurisdictions.

Accounting and finance – all members of the Board have experience in accounting and finance or the ability to read and comprehend the company's accounts, financial material presented to the board, financial reporting requirements and an understanding of corporate finance.

Risk management - all members of the Board Identify and monitor risks to which the Company is, or has the potential to be exposed to.

Experience with financial markets – Directors Mr Peter Gunzburg and Mr Brett Montgomery have extensive experience in working in or raising funds from the equity or capital markets.

Investor relations – Directors Mr Peter Gunzburg and Mr Brett Montgomery have extensive experience in identifying and establishing relationships with Shareholders, potential investors, institutions and equity analysts.

ASX Recommendation 2.3: a listed entity should disclose the names of the directors considered by the board to be independent directors and provide details in relation to the length of service of each Director

The Company has complied with this recommendation.

3 members of the Board are considered to be independent directors, that being Peter Gunzburg, Professor Geoffrey Laurent and Brett Montgomery.

The appointment date of Directors is set out in the Directors Report forming part of the Annual Financial Statements.

ASX Recommendation 2.4: the majority of the board of a listed entity should be independent directors

The Company has complied with this recommendation.

The Board consists of 4 members and 3 of those are independent directors. The Board considers it contains the appropriate position given its current size.

ASX Recommendation 2.5: The Chair of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity

The Company has complied with this recommendation.

The Chairman, Mr Peter Gunzburg is considered to be an independent director.

ASX Recommendation 2.6: a listed entity should have a program for inducting new directors and provide appropriate professional development opportunities

The Company has complied with this recommendation.

The Board is responsible for providing new directors with an induction to the Company and a program for providing adequate professional development opportunities for directors and management.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

ASX Recommendation 3.1: a listed entity should establish a code of conduct and disclose the code or a summary of the code.

The Company has complied with this recommendation.

The Company has established a code of conduct which requires all business affairs to be conducted legally, ethically and with integrity.

A copy of the Company's code of conduct is available in the corporate governance section of the Company's website at www.bard1.com.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

ASX Recommendation 4.1: The Board of a listed entity should establish an audit committee:

- with at least three members, all of whom are non-executive directors and a majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings

The Company has not complied with this recommendation.

Given the present size and complexity of the Company the Board has not constituted an Audit Committee with the full Board carrying out the role of an Audit Committee.

ASX Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company partly complies with this recommendation.

The Board has received the assurance required by ASX Recommendation 4.2 in respect of the financial statements for the half year ended 31 December 2016 from the Chairman, Company Secretary and Consultant Financial Accountant, and the full year ended 30 June 2017 from the CEO, Company Secretary and Consultant Financial Accountant. The Company does not presently have a Chief Financial Officer (or equivalent) appointed. Given the size and nature of the Company's operations the Board has not received the assurance in respect of the quarterly cash flow statements believing that the provision of the assurance for the half and full year financial statements is sufficient.

ASX Recommendation 4.3: a listed entity should ensure that the external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.

The Company has complied with this recommendation.

The external auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit and financial statements. The external auditor will also be allowed a reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

ASX Recommendation 5.1: a listed entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has complied with this recommendation.

The Company has established a continuous disclosure policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The CEO and Company Secretary act as the Company's Disclosure Officers who are responsible for implementing and administering this policy. The Disclosure Officers are responsible for all communication with ASX and for making decisions on what should be disclosed publicly under this policy.

In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market is posted to its website at www.bard1.com after ASX confirms an announcement has been made.

A copy of the continuous disclosure policy is available in the corporate governance section of the Company's website at www.bard1.com.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

ASX Recommendation 6.1: a listed entity should provide information about itself and its governance to investors via its website

The Company has complied with this recommendation.

The Company's website at www.bard1.com contains information about the Company, Directors and management and the Company's corporate governance practices, policies and charters. All ASX announcements made to the market, including annual and half year financial results are posted on the website as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations are posted on the website.

ASX Recommendation 6.2: a listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors

The Company has complied with this recommendation.

The Chief Executive Officer is the Company's main contact for investors and potential investors and is available to discuss the Company's activities when requested together with Directors as required. In addition to announcements made in

accordance with its continuous disclosure obligations the Company, from time to time, prepares and releases general investor updates about the Company.

ASX Recommendation 6.3: a listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders

The Company has complied with this recommendation.

The Company encourages participation of shareholders at any general meetings and its Annual General Meeting each year. Shareholders are encouraged to lodge direct votes or proxies subject to the adoption of satisfactory authentication procedures if they are unable to attend the meeting. The full text of all notices of meetings and explanatory material are posted on the Company's website at www.bard1.com.

ASX Recommendation 6.4: a listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically

The Company has complied with this recommendation.

Contact with the Company can be made via details provided on the website.

The Company's share register provides a facility whereby investors can provide email addresses to receive correspondence from the Company electronically and investors can contact the share register via telephone, facsimile or email.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

ASX Recommendation 7.1: The Board of a listed entity should have a committee to oversee risk:

- with at least three members, all of whom are non-executive directors and a majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings

The Company has not complied with this recommendation.

Given the present size and complexity of the Company the Board has not constituted a Risk Committee with the full Board responsible for risk management.

ASX Recommendation 7.2: The Board or a committee of the Board, of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period whether such a review was undertaken

The Company has not complied with this recommendation.

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and design of risk management is undertaken by the Board as a whole.

The Board did not conduct a review during the reporting period.

ASX Recommendation 7.3: a listed entity should disclose if it has an internal audit function and if it does not have an internal audit function that fact and the processes it employs for evaluating and continually improving the effectiveness of risk management and internal control processes

The Company has complied with this recommendation.

Given the Company's current size and level of operations it does not have an internal audit function.

ASX Recommendation 7.4: a listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.

The Company has complied with this recommendation.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle.

There will be a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate

The Board currently considers that the Company does not have any material exposure to environmental risk.

The Board currently considers that the Company does not have any material exposure to social sustainability risk. The Company's Corporate Code of Conduct outlines the Company's commitment to integrity and fair dealing in its business affairs. The code sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from employees when dealing with stakeholders.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

ASX Recommendation 8.1: The board of a listed entity should establish a remuneration committee:

- with at least three members the majority of which are independent directors
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings

The Company has not complied with this recommendation.

Given the present size and complexity of the Company the Board has not constituted a Remuneration Committee.

ASX Recommendation 8.2: a listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives

The Company has complied with this recommendation.

Directors are paid a fixed annual fee for their service to the Company as a Non-Executive Director. Non-Executive Directors may, subject to shareholder approval, be granted equity based remuneration.

Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company and potentially the ability to participate in bonus arrangements and may, subject to shareholder approval, if appropriate, be granted equity based remuneration.

ASX Recommendation 8.3: a listed entity which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose the policy or a summary of that policy.

The Company has complied with this recommendation.

A participant in an equity based remuneration plan operated by the Company must not enter into a transaction (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the equity based remuneration plan.

Additional information as required by the Australian Securities Exchange and not shown elsewhere in this Report is as follows. The information is current as at 27 September 2017.

The distribution of ordinary fully paid shares in the Company is as follows:

Spread of Holdings			Number of Holdings	Number of Units	Percentage Issued Capital
1	-	1,000	84	28,171	0.00
1,001	-	5,000	110	324,142	0.04
5,001	-	10,000	54	426,998	0.06
10,001	-	100,000	393	20,896,316	2.82
100,0001	&	Over	420	720,320,104	97.08
			1,061	741,995,731	100.00

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel is 482 totalling 7,403,549 ordinary fully paid shares.

Number of Securities on Issue

The following equity securities were on issue as at 27 September 2017

- 741,995,731 fully paid ordinary shares

Top 20 Shareholders as a 27 September 2017

Name	Number of Shares	% Shares Held
1. Irmgard Irminger-Finger	108,252,420	14.59
2. Tony Walker	88,501,626	11.93
3. Paul Gabriel Sharbanee <The Scorpion Fund A/C>	28,217,074	4.47
4. Denis Joy Sharbanee	26,499,145	3.57
5. Supergun Pty Ltd <Bricklanding Super A/C >	17,647,004	3.20
6. Celtic Capital Pty Ltd <The Celtic Capital A/C>	12,500,000	1.68
7. Universite De Geneve	12,500,000	1.68
8. Yarraandoo Pty Ltd <Yarraandoo Super Fund A/C>	11,500,000	1.55
9. Mikado Corporation Pty Ltd <JFC Superannuation A/C>	11,000,000	1.48
10. Bellcoo Investments Pty Ltd <Northlake Super Fund A/C>	10,450,000	1.41
11. Sun Hung Kai Investment Services Ltd <Katong Assets Ltd>	10,225,620	1.38
12. Prof Geoffrey Laurent	9,999,600	1.35
13. Worldwide Enterprises Pty Ltd <Worldwise Unit A/C>	9,734,000	1.31
14. Stevsand Holdings Pty Ltd <Formica Horticultural A/C>	8,090,446	1.09
15. Best Holdings Pty Ltd	7,000,000	0.94
16. Jay Hughes and Linda Hughes <Inkese Super A/C>	6,375,000	0.86
17. Shah Nominees Pty Ltd	6,000,000	0.81
18. David Christian Finger	5,124,795	0.69
19. Florian Irminger	5,124,795	0.69
20. Meriwa Street Pty Ltd	5,000,000	0.67
Top 20 Holders of Ordinary Fully Paid Shares	404,708,231	54.54

The portion of shares held by the 20 largest shareholders in the Company is 54.54%.

Voting Rights

In accordance with the Company's Constitution, voting rights of ordinary shares are on a show of hands whereby each member present in person (or representing a corporation who is a member) shall have one vote and upon a poll, each share will have one vote.

Restricted Securities

As at the date of this report, there are:

- 229,503,236 Ordinary Shares escrowed for a period of 24 months from 17 June 2016; and
- 217,003,236 Unquoted Performance Shares Escrowed for a period of 24 months from 17 June 2016 and with an expiry date of 5 years from the date of issue.

Performance Shares are unquoted, not entitled to dividends and there are no participation rights or entitlements inherent in the Performance Shares and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Shares.

Substantial Holders as at 27 September 2017

The substantial shareholders pursuant to the provisions of the Corporations Act and listed in the Company's register is as follows:

Name	Number of Shares	% Shares Held
Irmgard Irminger-Finger	108,252,420	14.59
Tony Walker	88,501,626	11.93
Paul Gabriel Sharbanee	39,183,780	5.28