Appendix 4E

Preliminary Final Report
to the Australian Securities Exchange

Part 1

Name of Entity	AdAlta Limited
ABN	92 120 332 925
Financial Year Ended	30 June 2016
Previous Corresponding Reporting Period	12 months ended 30 June 2015

Part 2 – Results for Announcement to the Market

	$'000	**Percentage increase /(decrease) over previous corresponding period**
Revenue from ordinary activities	746	%
Loss from ordinary activities after tax attributable to members	(1,163)	%
Net loss attributable to members	(1,163)	%

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

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

Part 3 – Contents of ASX Appendix 4E

Part 4 – Consolidated Statement of Profit or Loss and Comprehensive Income

	Part	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Revenue			
Interest received		8,902	12,828
Other revenue	9(a)	738,046	887,553
Expenses			
Cost of services		(1,413,975)	(1,712,080)
Depreciation and amortization		(684)	(723)
Employee benefits expense		(224,620)	(203,007)
Travel expense		(57,127)	(47,728)
Board fees		(50,000)	(52,032)
Patent and legal costs		(44,556)	(83,837)
Other expenses from ordinary activities	9(b)	(119,042)	(108,842)
		(1,910,004)	**(2,208,249)**
Loss before income tax expense		**(1,163,056)**	**(1,307,868)**
Income tax expense		-	-
Loss after income tax for the year		**(1,163,056)**	**(1,307,868)**
Other comprehensive income		**-**	**-**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss attributable to members of AdAlta Limited		**(1,163,056)**	**(1,307,868)**

Part 5 – Consolidated Accumulated losses

	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Accumulated losses at the beginning of the year	(5,823,295)	(4,515,427)
Loss for the year	(1,163,056)	(1,307,868)
Accumulated losses at the end of the year	(6,986,351)	(5,823,295)

Part 6 – Consolidated Statement of Financial Position

	30 June 2016 $	30 June 2015 $
ASSETS		
Current Assets		
Cash and cash equivalents	485,558	34,864
Trade and other receivables	897,247	931,241
Total Current Assets	1,382,805	966,105
Non-Current Assets		
Plant and equipment	282	966
Total Non-Current Assets	282	966
Total Assets	1,383,087	967,071
LIABILITIES		
Current Liabilities		
Trade and other payables	178,797	232,649
Provisions	36,402	28,532
Total Current Liabilities	215,199	261,181
Total Liabilities	215,199	261,181
NET ASSETS/(LIABILITIES)	**1,167,888**	**705,890**
EQUITY		
Issued capital	8,150,331	6,525,277
Reserves	3,908	3,908
Accumulated losses	(6,986,351)	(5,823,295)
TOTAL EQUITY	**1,167,888**	**705,890**

Part 7 – Consolidated Statement of Cash Flows

	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
Cash flows from operating activities		
Receipts from customers	-	23,158
Payments to suppliers and employees	(2,061,656)	(2,224,366)
R&D tax offset refund received	878,394	805,942
Interest received	8,902	12,828
Net cash (used in) operating activities	(1,174,360)	(1,382,438)
Cash flows from financing activities		
Proceeds from convertible notes	1,625,000	1,035,000
Proceeds from issue of shares	54	-
Net cash provided by financing activities	1,625,054	1,035,000
Net (decrease)/increase in cash held	450,694	(347,438)
Cash at the beginning of the financial year	34,864	382,302
Cash at the end of the financial year	**485,558**	**34,864**

Part 8 – Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

Part 9 – Loss from Ordinary Activities

The loss from ordinary activities before income tax includes the following items of revenue and expense:

REVENUES AND EXPENSES	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
(a) Other revenue		
Contract expense	-	(374)
Research and development tax incentive	738,046	878,395
Grant income	-	9,532
	738,046	887,553
(b) Other expenses		
Audit	16,434	5,400
Accounting	19,150	17,100
Travel	16,214	34,839
Marketing	34,437	37,086
Subscriptions	16,434	1,080
Other	16,373	13,337
	(119,042)	(108,842)

Part 10 – Commentary on Results

The loss of the Company for the year ended 30 June 2016, after accounting for income tax benefit, amounted to ($1,163,056) (30 June 2015: ($1,307,868)). The year ended 30 June 2016 operating results are attributed to the following material items:

- Research and Development rebate: $738,046 (30 June 2015: $887,553);
- Cost of services $1,413,975 (30 June 2015: $1,712,080); and
- Employment benefit expense ($224,620) (30 June 2015: ($203,007)).

Part 11 – Notes to the Consolidated Statement of Cash Flows

	Year Ended 30 June 2016 $	Year Ended 30 June 2015 $
(a) Reconciliation of cash:		
For the purposes of the Statement of Cashflows, cash includes cash on hand, and in banks, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	485,558	34,864
Cash on hand and at bank	485,558	34,864
(b) Reconciliation of loss for the year to net cash flows from operating activities:		
Loss for the year	(1,163,056)	(1,307,868)
Non-cash flows in loss:		
Depreciation	684	723
Changes in assets and liabilities:		
Increase in trade and other receivables	33,994	(49,528)
Increase/(Decrease) in trade and other payables	(53,852)	(31,690)
Increase in provisions	7,870	5,925
Net cash outflows from operating activities	(1,174,360)	(1,382,438)

Part 12 – Details Relating to Dividends

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

Part 13 – Loss per Share

	Consolidated	
	Year Ended 30 June 2016	Year Ended 30 June 2015
Basic (loss) per share	(32.5 cents)	(63 cents)
Weighted average number of ordinary shares used in the calculation of basic (loss) per share	3,574,174	2,065,000
As the Company is in a loss position there is no diluted earnings per share calculated.		

Part 14 – Net Tangible Assets per Security

	30 June 2016	30 June 2015
Net tangible asset backing per ordinary security (cents)	9.4	34.2

Part 15 – Details of Entities Over Which Control has been Gained or Lost

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

Part 16 – Details of Associates and Joint Venture Entities

	Ownership Interest		Contribution to net profit/(loss)	
	30/06/16 %	30/06/15 %	Year ended 30/06/16 $A'000	Year ended 30/06/15 $A'000
Name of entity	N/A	N/A	N/A	N/A
Associate	N/A	N/A	N/A	N/A
Joint Venture Entities	N/A	N/A	N/A	N/A
Aggregate Share of Losses	N/A	N/A	N/A	N/A

Part 17 – Issued Securities

	30 June 2016 $	30 June 2015 $
Share capital		
12,418,223 (30 June 2015: 2,065,000) fully paid ordinary shares	2,490,333	2,490,279
2,999,998 (30 June 2015: 2,999,998) series A preference shares	2,999,998	2,999,998
2,660,000 (30 June 2015: 1,035,000) convertible notes	2,660,000	1,035,000

The following movements in issued capital occurred during the period:

	Year Ended 30 June 2016 Number of Shares	Year Ended 30 June 2015 Number of Shares
Fully paid ordinary shares:		
At beginning of the reporting period	2,065,000	2,065,000
Issue of shares	10,353,223	-
At end of the reporting period	12,418,223	2,065,000
Series A preference shares:		
At beginning of the reporting period	2,999,998	2,999,998
At end of the reporting period	2,999,998	2,999,998
Convertible notes:		
At beginning of the reporting period	1,035,000	-
Mezzanine Finance	1,625,000	1,035,000
At end of the reporting period	2,660,000	1,035,000

Options

The following options to subscribe for ordinary fully paid shares are outstanding at balance date:

Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
252,057	Ordinary	$0.17*	27 September 2016
145,976	Ordinary	$0.17*	1 July 2018
20,569	Ordinary	$0.17*	21 September 2018
381,018	Ordinary	$0.17*	1 November 2018
291,953	Ordinary	$0.17*	1 July 2019
818,378	Ordinary	$0.17*	1 November 2019
234,472	Ordinary	$0.17	1 November 2020

*50% of 1,909,951 Options have an exercise price of $0.0002 if exercised within 3 months of vesting, and with the exercise price of the remaining 50% of those options being $0.09 if exercised within 12 months of vesting. Otherwise the exercise price is $0.17.

Part 18 – Segment Information

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

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

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

Part 19 – Subsequent Events

On 8 July 2016, the Company lodged a prospectus with ASIC for the offer of 32,000,000 and up to 40,000,000 ordinary fully paid shares at a price of $0.25 per share to raise a minimum of $8,000,000 and a maximum of $10,000,000. On 17 August 2016, the Prospectus closed over-subscribed. The Company was admitted to the official list of the ASX on 22 August 2016.

On 11 August 2016, the Company’s convertible notes and preference shares converted to ordinary shares.

Apart from the above, there were no other significant events subsequent to year ended 30 June 2016 and prior to the date of this report that have not been dealt with elsewhere in this report.

Part 20 – Audit/Review Status

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

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