

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 2017
Previous Corresponding Reporting Period	12 months ended 30 June 2016

Part 2 – Results for Announcement to the Market

	2017	2016	Increase/ (Decrease)	Change
	\$	\$	\$	%
Revenue from ordinary activities	1,967,680	746,948	1,220,732	163%
Loss from ordinary activities after tax attributable to members	(2,832,517)	(1,163,056)	(1,669,461)	-144%
Net loss attributable to members	(2,832,517)	(1,163,056)	(1,669,461)	-144%

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:

Not Applicable

Part 3 – Contents of ASX Appendix 4E

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

	Part	Year Ended 30 June 2017 \$	Year Ended 30 June 2016 \$
Revenue			
Interest received		170,926	8,902
Other revenue	9(a)	1,796,754	738,046
Expenses			
Cost of services		(3,598,678)	(1,413,975)
Depreciation and amortization		(5,435)	(684)
Employee benefits expense		(404,669)	(224,620)
Travel expense		(76,575)	(57,127)
Board fees		(207,037)	(50,000)
Patent and legal costs		(73,310)	(44,556)
Other expenses from ordinary activities	9(b)	(434,493)	(119,042)
		(2,832,517)	(1,163,056)
Loss before income tax expense		(2,832,517)	(1,163,056)
Income tax expense		-	-
Loss after income tax for the year		(2,832,517)	(1,163,056)
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss attributable to members of AdAlta Limited		(2,832,517)	(1,163,056)

Part 5 – Consolidated Accumulated losses

	Year Ended 30 June 2017 \$	Year Ended 30 June 2016 \$
Accumulated losses at the beginning of the year	(6,986,351)	(5,823,295)
Loss for the year	(2,832,517)	(1,163,056)
Accumulated losses at the end of the year	<u>(9,818,868)</u>	<u>(6,986,351)</u>

Part 6 – Consolidated Statement of Financial Position

	Year Ended 30 June 2017 \$	Year Ended 30 June 2016 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	6,224,617	485,558
Trade and other receivables	<u>1,862,673</u>	<u>897,247</u>
TOTAL CURRENT ASSETS	<u>8,087,290</u>	<u>1,382,805</u>
NON-CURRENT ASSETS		
Plant and equipment	-	282
Other non-current assets	<u>2,600</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS	<u>2,600</u>	<u>282</u>
TOTAL ASSETS	<u>8,089,890</u>	<u>1,383,087</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	285,915	178,797
Provisions	<u>58,597</u>	<u>36,402</u>
TOTAL CURRENT LIABILITIES	<u>344,512</u>	<u>215,199</u>
TOTAL LIABILITIES	<u>344,512</u>	<u>215,199</u>
NET ASSETS	<u>7,745,378</u>	<u>1,167,888</u>
EQUITY		
Issued capital	17,560,338	8,150,331
Reserves	3,908	3,908
Retained earnings (accumulated losses)	<u>(9,818,868)</u>	<u>(6,986,351)</u>
TOTAL EQUITY	<u>7,745,378</u>	<u>1,167,888</u>

Part 7 – Consolidated Statement of Cash Flows

	Year Ended 30 June 2017 \$	Year Ended 30 June 2016 \$
Cash flows from operating activities		
Payments to suppliers and employees	(4,632,076)	(2,061,656)
R & D tax incentive	738,046	878,394
Interest received	147,483	8,902
Grants received	19,724	-
Net cash provided by (used in) operating activities	(3,726,823)	(1,174,360)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,000	-
Payments for property, plant and equipment	(6,745)	-
Payments for other assets	(2,600)	-
Net cash provided by (used in) investing activities	(8,345)	-
Cash flows from financing activities		
Proceeds from convertible notes	-	1,625,000
Proceeds from share capital	10,000,000	54
Proceeds from option conversions	58,984	-
Payment of share issue costs	(584,757)	-
Net cash provided by financing activities	9,474,227	1,625,054
Net increase (decrease) in cash held	5,739,059	450,694
Cash and cash equivalents at beginning of financial year	485,558	34,864
Cash and cash equivalents at end of financial year	6,224,617	485,558

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:

	Year Ended 30 June 2017 \$	Year Ended 30 June 2016 \$
REVENUES AND EXPENSES		
(a) Other revenue		
Research and development tax incentive	1,777,030	738,046
Grant income	19,724	-
	<u>1,796,754</u>	<u>738,046</u>
(b) Other expenses		
Audit	29,092	16,434
Accounting	61,925	19,150
Marketing	145,135	34,437
Subscriptions	30,902	16,434
Other	167,439	32,587
	<u>(434,493)</u>	<u>(119,042)</u>

Part 10 – Commentary on Results

The Company reported a loss for the year ended 30 June 2017, after accounting for income tax benefit, of (\$2,832,517) (30 June 2016: (\$1,163,056)). The year ended 30 June 2017 operating results are attributed to the following:

- Research and Development tax incentive refund: \$1,777,030 (30 June 2016: \$738,046);
- Cost of services expense of \$3,598,678 (30 June 2016: \$1,413,975); and
- Employment benefit expense of \$404,669 (30 June 2016: \$224,620).

Part 11 – Notes to the Consolidated Statement of Cash Flows

	Year Ended 30 June 2017 \$	Year Ended 30 June 2016 \$
Reconciliation of Cash		
Cash at the end of financial year as included in the statement of cash flows is reconciled to the related items in the statement of financial position as follows		
Cheque account	20,189	8,632
Cash reserve account	275,009	455,822
Savings - bonus	929,419	21,104
Term Deposit	5,000,000	-
	<u>6,224,617</u>	<u>485,558</u>
Reconciliation of cash flow from operations with profit after income tax		
Loss attributable to members	(2,832,517)	(1,163,056)
<i>Non-cash flows in loss:</i>		
Depreciation	5,435	684
<i>Changes in assets and liabilities:</i>		
Loss on sale of plant and equipment	592	-
Prior year receivables classified as capital	(65,220)	-
(Increase) / decrease in receivables	(965,426)	33,994
Increase / (decrease) in payables	107,118	(53,852)
Increase / (decrease) in provisions	23,195	7,870
Net cash provided by (used in) operating activities	<u>(3,726,823)</u>	<u>(1,174,360)</u>

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 2017	Year Ended 30 June 2016
Basic (loss) per share	(3.15 cents)	(32.59 cents)
Weighted average number of ordinary shares used in the calculation of basic (loss) per share	90,035,620	3,574,154
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 2017	30 June 2016
Net tangible asset backing per ordinary security (cents)	8.0	9.4

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)	
	30/06/17 %	30/06/16 %	Year ended 30/06/17 \$A'000	Year ended 30/06/16 \$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

	Year Ended 30 June 2017	Year Ended 30 June 2016	
ISSUED CAPITAL			
Fully paid ordinary shares	17,560,338	2,490,333	
Fully paid Series A Preference shares	-	2,999,998	
Fully paid convertible notes	-	2,660,000	
	<u>17,560,338</u>	<u>8,150,331</u>	
Ordinary Shares			
	No.	No.	
At beginning of reporting period	12,418,223	2,065,000	
Issued on exercise of options	1,110,874	53,500	
Issued as part of share split	-	10,299,723	
Issue of ordinary shares	40,000,000	-	
Conversion of Preference Shares	21,594,477	-	
Conversion of Convertible Notes	25,987,316	-	
At the end of the reporting period	<u>101,110,890</u>	<u>12,418,223</u>	
Series A Preference Shares			
	No.	No.	
At beginning of reporting period	2,999,998	2,999,998	
Conversion to Ordinary Shares	<u>(2,999,998)</u>	<u>-</u>	
At the end of the reporting period	<u>-</u>	<u>2,999,998</u>	
The conversion ratio for each Preference Share was adjusted as provided in the relevant subscription agreement and for the Share Split. Accordingly, 2,999,998 Preference Shares converted to 21,594,477 Ordinary Shares.			
Convertible Notes			
	No.	No.	
At beginning of reporting period	2,660,000	1,035,000	
Mezzanine Finance	-	1,625,000	
Conversion to Ordinary Shares	<u>(2,660,000)</u>	<u>-</u>	
At the end of the reporting period	<u>-</u>	<u>2,660,000</u>	
All Convertible Notes (which were issued at a price of \$1.00) converted to 25,987,316 Ordinary Shares (based on the terms of the relevant Convertible Note deed and the effect of the Share Split).			
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
145,976	Ordinary	\$0.17*	1 July 2018
20,569	Ordinary	\$0.17*	21 September 2018
73,272	Ordinary	\$0.17*	1 November 2018
129,913	Ordinary	\$0.17*	1 July 2019
365,225	Ordinary	\$0.17*	1 November 2019
234,472	Ordinary	\$0.17	1 November 2020
*50% of 734,955 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 7 August 2017, the Company received a Research and Development tax incentive refund of \$1,077,030 for the 2016/2017 financial year.

Otherwise, there has not been any matter or circumstance that has arisen subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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