

Appendix 4D

For the Half Year ended 31 December 2017

BARD1 LIFE SCIENCES LIMITED
ABN 58 009 070 384

1. Reporting period

Report for the half year ended 31 December 2017.

Comparative period is the half year ended 31 December 2016.

2. Results for announcement to the market

	31 Dec 2017 \$	31 Dec 2016 \$	% change
Revenues from ordinary activities	28,884	26,440	9.2
Loss from ordinary activities after tax attributable to the owners of Bard1 Life Sciences Limited	(773,301)	(1,224,171)	(36.8)
Total comprehensive loss for the half-year attributable to the owners of Bard1 Life Sciences Limited	(767,919)	(1,215,656)	(36.8)

3. Net tangible assets per security

	31 Dec 2017 \$	31 June 2017 \$
Net tangible assets per ordinary security	<u>0.0012</u>	<u>0.0005</u>

4. Dividends

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

There are no dividend or distribution reinvestment plans in operation.

5. Associates and Joint Ventures

N/A

6. Control gained or lost over entities

N/A

7. Foreign entities

International Financial Reporting Standards adopted

8. Audit qualification or review

The Half-Year Report of Bard1 Life Sciences Limited for the half-year ended 31 December 2017 has been subject to a review by the auditors and the unqualified review report is attached as part of the Half-Year Report.

Signed



Peter Gunzburg
Chairman
28 February 2018



**BARD1 LIFE SCIENCES LIMITED
(ASX : BD1)**

ABN 58 009 070 384

**FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2017**

CONTENTS

	<u>Page No</u>
Directors' Report	2
Directors' Declaration	5
Auditor's Independence Declaration	6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Cash Flow	9
Consolidated Statement of Changes in Equity	10
Notes to the Financial Statements	11
Independent Auditor's Review Report	16

DIRECTORS' REPORT

Your Directors submit the report of BARD1 LIFE SCIENCES LIMITED and its controlled entities ("BARD1 LSL" or "the Group") for the half year ended 31 December 2017.

Directors

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

Peter Lynton Gunzburg
Brett Montgomery
Dr Irmgard Irminger-Finger
Prof. Geoffrey Laurent

Chief Executive Officer

Dr Leeearne Hinch

Company Secretary

Pauline Collinson

Review and Results of Operations

The loss per share of the Group for the half-year ended 31 December 2017 was 0.11 cents per share based on a net loss totalling \$773,301 (6 months ended 31 December 2016: loss per share of 0.21 cents per share based on a net loss totalling \$1,224,171.)

OPERATIONAL REVIEW

BARD1 Life Sciences Ltd (ASX:BD1) is an Australian-based biotechnology company focused on developing and commercialising non-invasive diagnostics for early detection of cancer. BARD1's proprietary technology platform is based on novel tumour markers with potential diagnostic and therapeutic applications across multiple cancers. The development pipeline includes two BARD1 autoantibody tests in early development for early detection of lung and ovarian cancers, and a cancer vaccine project at research-stage for treatment of cancer. Additional diagnostic projects are being evaluated for prostate, breast and other cancers. BARD1 is committed to transforming the early detection and prevention of cancer to help improve patients' lives.

During the half-year the Company continued to execute its business plan including reviewing its previous LC-600 and OC-300 studies with external experts; planning, implementing and analysing its new OC-400 Study to evaluate the accuracy of BARD1-Ovarian for detection of ovarian cancer; progressing its Cancer Vaccine collaboration with IRH; establishing an Advisory Board; prosecuting its patent portfolio; publishing its study results; and engaging with various parties to develop and validate a commercial BARD1 test.

Highlights during the Half-Year

- **Capital Raising:** Successful completion of a Placement to sophisticated investors and a Share Purchase Plan (SPP) to eligible shareholders raising A\$1.513 million.
- **Ovarian Cancer Studies:** Positive results from OC-400 Study demonstrating BARD1-Ovarian could accurately detect ovarian cancer with 82% sensitivity and 79% specificity.
- **Cancer Vaccine Program:** Completed Stage 1 of the Cancer Vaccine collaboration with the Institute for Respiratory Health (IRH) and commenced Stage 2 to evaluate its effectiveness in animal models.
- **Advisory Board Appointment:** Appointment of Dr Samuel Janes MBBS MRCP MSc PhD to the BARD1 Advisory Board.
- **New patent granted:** Australian patent no 2011292809 issued for core patent family providing protection for BARD1 Lung Cancer Test.
- **New Publication:** Publication of study results for BARD1-Lung in international peer-reviewed journal PLOS ONE.

Successful Capital Raising

During the half-year, BARD1 LSL successfully completed a Placement to sophisticated investors followed by a Share Purchase Plan (SPP) to eligible shareholders to issue a total of 189,165,811 shares at an issue price of A\$0.008 raising A\$1.513 million, before costs. The funds raised from the combined

Placement and SPP are being used to advance research and development programs, commercial initiatives and for general working capital purposes.

Ovarian Cancer Dx Program

During the half-year, the ovarian cancer diagnostic program was prioritised with the OC-400 Study commencing in September 2017 to evaluate the accuracy of the BARD1-Ovarian test to detect ovarian cancer in 400 samples of ovarian cancer and healthy controls. The results of the OC-400 Study demonstrated that BARD1-Ovarian could accurately detect ovarian cancer with 82% sensitivity and 79% specificity (see ASX announcement of 9/1/18). The study concluded that BARD1-Ovarian accurately discriminated ovarian cancer from healthy controls using the POC method and a 20-analyte panel, could detect all subtypes and stages of ovarian cancer, and confirmed the potential of the research-grade test to be further developed into a commercial test with expected high specificity for early detection of ovarian cancer. Achieving these higher results with less analytes potentially reduces the complexity and cost of the BARD1-Ovarian test which may offer improved performance over the CA125 blood test that is routinely used as a diagnostic aid for ovarian cancer.

Importantly, these results support the further development and validation of the BARD1 autoantibody tests for early detection of cancer. BARD1 intends to outsource further assay development to a contract development organisation in 1H18 (calendar year) to build a commercial test, complete technical validation, and undertake clinical validation studies to demonstrate the clinical performance of BARD1-Ovarian for early detection of ovarian cancer, and support future marketing and/or licensing of the test.

Lung Cancer Dx Program

Based on external expert advice, the lung cancer program was postponed until after successful completion of the OC-400 study and further development of a standardised BARD1 test on a commercial platform, saving the Company up to \$300k in planned R&D expenditure. Additional retrospective lung cancer studies are now planned for 2H18 using this same (or modified) commercial test to further evaluate, optimize and analytically validate BARD1-Lung for early detection of lung cancer, before advancing to clinical validation studies.

Cancer Vaccine Program

The Cancer Vaccine collaboration with the Institute for Respiratory Health (IRH) was progressed with Stage 1 completed in Aug-17 to identify high BARD1 expressing tumour cell lines, and Stage 2 commencing in Oct-17 to evaluate the in vivo effectiveness of the BARD1 vaccine formulations for reducing tumour growth in animal studies under Animal Ethics Committee approval.

Intellectual Property Portfolio

Australian Patent no 2011292809 titled "BARD1 isoforms in lung and colorectal cancer and use thereof" was granted by IP Australia on 28 July 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 currently owns or licenses 5 patent families with 7 granted and 21 pending patent applications covering various BARD1 DNA and protein sequences, methods of diagnosis and treatment, and use in multiple cancers.

New Publication

A key paper on the original proof of concept (POC) Study results and underlying scientific methodology for the BARD1 Lung Cancer Test was published in international peer-reviewed journal PLoS ONE on 7th August 2017. The paper titled 'BARD1 serum autoantibodies for early detection of lung cancer' describes a simple and reliable blood test for early detection of all types of lung cancer based on the immunogenicity of aberrant forms of BARD1 protein that are upregulated in lung cancer.¹

Advisory Board appointment

BARD1 LSL appointed international respiratory medicine expert, Dr Samuel Janes MBBS MRCP MSc PhD, as a member of its Advisory Board in July 2017. Dr Janes provides independent scientific and clinical advice to guide BARD1's research, development and business programs.

Outlook

The Directors of BARD1 LSL are committed to realising the commercial potential of the BARD1 technology and advancing its diagnostic and therapeutic projects towards key development milestones.

¹ Pilyugin M, Descloux P, Andre P-A, Laszlo V, Dome B, Hegedus B, et al. BARD1 serum autoantibodies for early detection of lung cancer. PLoS ONE 12(8): e0182356
<https://doi.org/10.1371/journal.pone.0182356>

BARD1 LIFE SCIENCES LIMITED
For the Half Year ended 31 December 2017

Current research and development (R&D) plans are focused on the further 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.

Rounding

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

Significant Events After Balance Date

On 20 February 2018 the Company issued 2 million options to Dr Samuel Janes exercisable at \$0.0128 on or before 20 February 2022 in accordance with shareholder approval received at the Company's Annual General Meeting held on 28 November 2017.

There have been no other matters or circumstances that have arisen since 31 December 2017 that has significantly affected or may significantly affect:

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

Auditor's Independence Declaration

The Auditor's Independence Declaration is set out on Page 6 and forms part of the Director's Report for the half year ended 31 December 2017.

Signed in Perth 28 February 2018 in accordance with a resolution of the Directors.



P Gunzburg
Chairman

DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of financial position of the consolidated entity as at 31 December 2017 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) Subject to the achievement of matters set out in Note 1(b) 'Going Concern' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



P Gunzburg
Executive Chairman

Signed in Perth 28 February 2018

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

As lead auditor for the review of BARD1 Life Sciences Limited for the half-year ended 31 December 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 review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

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



Ernst & Young



V L Hoang
Partner
28 February 2018

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
HALF YEAR ENDED 31 DECEMBER 2017**

	Note	Consolidated	
		For the six months ended 31 December 2017	For the six months ended 31 December 2016
		\$	\$
Revenue and Other Income	2	28,884	26,440
Administration expenses		(184,632)	(336,097)
Research and development		(222,386)	(467,922)
Employee benefits expense		(395,360)	(322,096)
Depreciation expense		-	(4,114)
Patent Expenses		(74,447)	(60,479)
Fair value gain/(loss) of investments classified as held for trading		91,459	(13,500)
Interest expense		-	(599)
Foreign exchange (loss)		(16,819)	(17,574)
Impairment on available-for-sale financial assets		-	(28,230)
Net loss for the period		(773,301)	(1,224,171)
Income tax benefit		-	-
Net loss for the period after income tax expense		(773,301)	(1,224,171)
Other comprehensive income			
<i>Items that may be subsequently reclassified to operating result</i>			
Foreign currency translation		5,382	8,515
Fair value loss on available-for-sale financial assets		-	(28,230)
Transfer of impairment loss on available-for-sale financial assets to statement of other comprehensive income		-	28,230
Other comprehensive loss for the period, net of tax		5,382	8,515
Total comprehensive loss for the period attributable to the members of BARD1 LIFE SCIENCES LIMITED		(767,919)	(1,215,656)
Basic and diluted loss per share (cents per share), for the half-year attributable to members of BARD1 LIFE SCIENCES LIMITED		(0.11) *	(0.21) *

* The loss per share calculations for periods prior to June 30 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 during the period.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

		Consolidated	
	Note	31 December 2017 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,210,210	650,051
Trade and other receivables		-	31,956
Investments classified as held for trading	6	134	16,659
TOTAL CURRENT ASSETS		1,210,344	698,666
NON-CURRENT ASSETS			
Available for sale investments	7	28,230	28,230
TOTAL NON-CURRENT ASSETS		28,230	28,230
TOTAL ASSETS		1,238,574	726,896
CURRENT LIABILITIES			
Trade and other payables		256,820	422,946
Provisions		63,412	46,013
TOTAL CURRENT LIABILITIES		320,232	468,959
TOTAL LIABILITIES		320,232	468,959
NET ASSETS		918,342	257,937
EQUITY			
Contributed equity	8	8,069,884	6,645,495
Distribution reserve		(309,421)	(309,421)
Reserves		(28,768)	(38,085)
Accumulated losses		(6,813,353)	(6,040,052)
TOTAL EQUITY		918,342	257,937

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

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Consolidated	
	For the six months ended 31 December 2017 \$	For the six months ended 31 December 2016 \$
Cash flows from operating activities		
Payments to suppliers and employees	(1,001,098)	(1,122,465)
Interest received	3,789	2,231
Interest Paid	-	(599)
Other revenue	25,095	24,209
Net cash used in operating activities	(972,214)	(1,096,624)
Cash flows from investing activities		
Proceeds on sale of held for trading investments	107,984	-
Net cash from investing activities	107,984	-
Cash flows from financing activities		
Repayment of borrowings	-	(69,387)
Net proceeds from issue of shares	1,424,389	-
Net cash from/ (used) in financing activities	1,424,389	(69,387)
Net (decrease)/increase in cash and cash equivalents	560,159	(1,166,011)
Cash and cash equivalents at the beginning of the period	650,051	3,097,751
Cash and cash equivalents at the end of the period	1,210,210	1,931,740

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2017

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

For the half year ended 31 December 2016

	Issued Capital \$	Accumulated Losses \$	Distribution Reserve \$	Available for sale Reserve \$	Share Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Total Equity \$
Balance at beginning of period	6,620,495	(3,435,881)	(309,421)	-	-	(41,272)	2,833,921
Loss for the period	-	(1,224,171)	-	-	-	-	(1,224,171)
Fair value loss on available-for-sale financial assets	-	-	-	(28,230)	-	-	(28,230)
Transfer of impairment loss on available-for-sale financial assets to statement of comprehensive income	-	-	-	28,230	-	-	28,230
Other comprehensive income	-	-	-	-	-	8,515	8,515
Total comprehensive loss for the period	-	(1,224,171)	-	-	-	8,515	(1,215,656)
Share based payments for the period	-	-	-	-	52,201	-	52,201
Balance at End of Period	6,620,495	(4,660,052)	(309,421)	-	52,201	(32,757)	1,670,466

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

NOTES TO THE FINANCIAL STATEMENTS

CORPORATE INFORMATION

The financial report of BARD1 LIFE SCIENCES LIMITED for the half year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 28 February 2018.

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

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2017 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

It is recommended that the half year financial report be read in conjunction with the annual report for the period ended 30 June 2017 and considered together with any public announcements made by BARD1 LIFE SCIENCES LIMITED during the half year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX listing rules.

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

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

(b) Going Concern

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

During the six months ended 31 December 2017, the Group incurred a net loss after tax of \$773,301 and a cash outflow from operating activities of \$972,214. At 31 December 2017, the Group had cash and cash equivalents of \$1,210,210 and current assets of \$1,210,344

The Company's cash flow forecasts for the twelve months ending 28 February 2019 indicate that, although the Group is in a position to meet its committed administrative expenditure requirements, additional capital will need to be raised to enable the Group to carry out its planned research activities. This creates an uncertainty that may cast doubt as to whether the Group will continue as a going concern and, therefore, whether it will settle its liabilities and commitments in the normal course of business.

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

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

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

(c) New and amending Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the half-year consolidated financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2017. The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective 1 July 2017. The

BARD1 LIFE SCIENCES LIMITED
For the Half Year ended 31 December 2017

adoption of these new and revised Standards and Interpretations did not have any effect on the financial position of performance of the Consolidated Entity.

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

2 REVENUE AND OTHER INCOME

	For the six months ended 31 Dec 2017	For the six months ended 31 Dec 2016
	\$	\$
Revenue and Other Income		
Interest revenue	3,789	2,231
Other income	25,095	24,209
	28,884	26,440

3 CONTINGENT ASSETS AND LIABILITIES

- (a) On 10 July 2007 the Group disposed of its Ukrainian gold mining assets for US\$5,000,000. US\$3,000,000 (equivalent to A\$4,145,937) of this amount remains outstanding and will only be received upon the purchaser meeting a regulatory milestone relating to the advancement of the Saulyak Gold Project.

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

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

There were no changes to contingent assets and liabilities during the period ended 31 December 2017.

4 SEGMENT INFORMATION

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

5 CASH AND CASH EQUIVALENTS

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

	31 December 2017	30 June 2017
	\$	\$
Cash at bank and on hand	1,210,210	650,051

6 INVESTMENTS HELD FOR TRADING

	31 December 2017	30 June 2017
	\$	\$
Shares in listed companies classified as held for trading (at fair value)	134	16,659

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2017	30 June 2017
	\$	\$
Shares in listed companies classified as available-for-sale (at fair value)	28,230	28,230

8 CONTRIBUTED EQUITY

	31 December 2017	30 June 2017
	\$	\$
Issued and paid up capital		
Ordinary fully paid shares	8,069,884	6,645,495

	For the six months ended 31 December 2017		For the year ended 30 June 2017	
	Number of Shares	Total \$	Number of Shares	Total \$
<i>Movements in fully paid ordinary shares on issue:</i>				
At beginning of period	552,829,919	6,645,495	551,996,585	6,620,495
Issued for services provided ⁽¹⁾	-	-	833,334	25,000
Issue of shares in Placement	137,165,811	1,097,326	-	-
Issue of shares in Share Purchase Plan	52,000,000	416,000	-	-
Less: transaction costs	-	(88,937)	-	-
At the end of the period	<u>741,995,730</u>	<u>8,069,884</u>	<u>552,829,919</u>	<u>6,645,495</u>

⁽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.

9 SIGNIFICANT EVENTS AFTER BALANCE DATE

On 20 February 2018 the Company issued 2 million options to Dr Samuel Janes exercisable at \$0.0128 on or before 20 February 2022 in accordance with shareholder approval received at the Company's Annual General Meeting held on 28 November 2017.

There have been no other matters or circumstances that have arisen since 31 December 2017 that has significantly affected or may significantly affect:

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

10 EXPENDITURE COMMITMENTS

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

11 FINANCIAL INSTRUMENTS

Risk Management Activities

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

Financial Instruments

Set out below is an overview of financial instruments held by the Group.

	As at 31 December 2017	As at 30 June 2017
	\$	\$
Financial assets:		
Cash and cash equivalents	1,210,210	650,051
Trade and other receivables - at amortised cost	-	31,956
Investments classified as held for trading	134	16,659
Total current assets	1,210,344	698,666
Available for sale financial assets - at fair value	28,230	28,230
Total non-current assets	28,230	28,230
Total assets	1,238,574	726,896
Financial liabilities:		
Trade and other payables - at amortised cost	256,820	422,946
Total current liabilities	256,820	422,946
Total	981,754	303,950

The carrying value of the Group's financial instruments is considered to approximate fair value at 31 December 2017.

Fair value hierarchy:

The Group uses the following method in estimating the fair value of its financial assets and liabilities at 30 June 2017 and 31 December 2017:

- available for sale and held for trading financial assets – level 1 fair value hierarchy
- all other financial assets are calculated using level 2 fair value hierarchy:

At the balance date the following classes of financial instruments were measured at fair value (level 1).

	31 December 2017	30 June 2017
	\$	\$
Investments classified as held for trading	134	16,659
Available for sale financial assets	28,230	28,230

There were no transfers between level 1 and 2 fair value measurements during the six-month period ended 31 December 2017.

12 SHARE BASED PAYMENTS

At the Company's Annual General Meeting held on 28 November 2017 shareholders approved the issue of 2 million options to Dr Samuel Janes pursuant to a cap advisory Board Agreement appointing Doctor Janes to the Company's Advisory board on 11 July 2017. The 2 million options were to be exercisable on or before a day that is 4 years after the date of issue at an exercise price of \$0.0128. The options were subsequently issued to Doctor Janes on 20 February 2018.

The estimated fair value of the options valued as at 28 November 2017 was determined using a Binomial model, taking into account the exercise price, term of option, the share price at the date of commencement of service and expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate for the term of the option. The following assumptions were used in the estimation:

- Risk free interest rate of 2.07%
- Company share price of \$0.007
- Dividend Yield of 0%
- Expected volatility of 100%
- Option exercise price of \$0.0128
- Vesting Period of 1.00 year
- Option duration of 4.00 years

The fair value of the options was estimated to be \$0.0043 per option, for a total of \$8,600. An amount of \$3,935 has been recognised as a share-based payment expense for the six months ended 31 December 2017.

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

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of BARD1 Life Sciences Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting and other explanatory information, and the directors' declaration.

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

- a. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter – Material uncertainty related to going concern

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

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Ernst & Young



V L Hoang
Partner
Perth
28 February 2018