

Appendix 4D

Half-yearly report for the 6 months to 31 December 2016

BARD1 LIFE SCIENCES LIMITED
ABN 58 009 070 384

1. Reporting period

Report for the half year ended 31 December 2016.

Comparative period is the half year ended 30 June 2016

2. Results for announcement to the market

	31 Dec 2016	Six Months ended 30 June 2016	% change
Revenues from ordinary activities	26,440	-	N/A
Loss from ordinary activities after tax attributable to the owners of Bard1 Life Sciences Limited	(1,224,171)	(2,841,093)	56.9
Loss for the half-year attributable to the owners of Bard1 Life Sciences Limited	(1,215,656)	(2,838,448)	57.2

3. Net tangible assets per security

	31 Dec 2016 Cents	30 June 2016 Cents
Net tangible assets per ordinary security	<u>0.003</u>	<u>0.005</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-Yearly Report of Bard1 Life Sciences Limited for the half-year ended 31 December 2016 has been subject to a review by the auditors and the unqualified review report is attached as part of the Half-Yearly Report.

Signed



Date: 28 February 2017

Peter Gunzburg
Chairman
Perth

BARD1 LIFE SCIENCES LIMITED
(ASX : BD1)

ABN 58 009 070 384

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2016

BARD1 LIFE SCIENCES LIMITED
For the Half Year ended 31 December 2016

CONTENTS

	<u>Page No</u>
Directors' Report	2
Directors' Declaration	5
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 2016.

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 Leearne Hinch (appointed 7 November 2016)

Company Secretary

Pauline Collinson

Review and Results of Operations

The loss per share of the Group for the half-year ended 31 December 2016 was 0.22 cents per share based on a net loss totalling \$1,224,171 (6 months ended 30 June 2016: loss per share of 1.18 cents per share based on a net loss totalling \$2,841,093.)

Ongoing Strategy

BARD1 LSL's primary focus is the development and commercialisation of non-invasive diagnostics for early detection of cancer. The Company's lead product is the BARD1 Lung Cancer Test in development for early detection and screening of lung cancer. Our research and development (R&D) activities are currently focused on further developing and validating the BARD1 Lung Cancer Test, with plans to enter a prospective study for early detection of lung cancer in high-risk individuals who have undergone computed tomography (CT) scans. The results are expected to demonstrate the superior accuracy, sensitivity and specificity of the BARD1 Lung Cancer Test compared to gold standard CT scans to support future marketing and licensing.

The Company also plans to accelerate development of its BARD1 Ovarian Cancer Test for early detection of ovarian cancer, and to progress its research-stage Therapeutic Vaccine program for prevention or treatment of cancer.

Highlights during the Half-Year

- **Assay Feasibility Study:** Completed feasibility study to evaluate the performance of the research-grade BARD1 Lung Cancer Test on a commercial instrument platform, with positive results verifying the reproducibility and accuracy of the Test.
- **Confirmation Study:** Completed study to further develop and optimise the BARD1 Lung Cancer Test, with results expected by end of Mar-17.
- **Ovarian Cancer Studies:** Completed studies to evaluate a new research-grade BARD1 Ovarian Cancer Test, with positive results showing reproducibility, good sensitivity and specificity.

BARD1 LSL strengthened its management team with the appointment of Dr Leearne Hinch as CEO, effective 7 November 2016. The Company relocated its headquarters in December 2016 to the Harry Perkins Institute of Medical Research (the Perkins) at QEII Medical Centre in Nedlands, Western Australia. The Perkins houses world-class research teams, latest equipment and state-of-the-art facilities that will enable BARD1 LSL to collaborate with Perkins' researchers to expand and accelerate its research programs in cancer diagnostics and therapeutics.

Lung Cancer Program

During the half-year, BARD1 LSL continued to develop, optimise and validate the BARD1 Lung Cancer Test. The BARD1 Lung Cancer Test is a non-invasive blood test in development for early detection of lung cancer. The test detects BARD1 autoantibodies that are circulating in the patient's blood, and uses a proprietary diagnostic algorithm to analyse these measurements and report a test score that accurately identifies the presence or absence of lung cancer. Preliminary results indicate that the

BARD1 Lung Cancer Test will have a sensitivity greater than 90% and false positives less than 10% for lung cancer.

The **Assay Feasibility Study** to evaluate the research-grade BARD1 Lung Cancer Test on a commercial research-use-only (RUO) instrument platform was completed by Meso Scale Diagnostics (MSD) in December 2016. MSD first tested 40 lung cancer and control samples across multiple BARD1 peptides on its RUO platform using various methods to determine the best assay method for further optimisation. Statistical analysis and modelling of the data yielded a receiver operating characteristic (ROC)-area under the curve (AUC) = 0.93, which was comparable to the ROC-AUC = 0.96 previously reported for the Proof of Concept (POC) Study. These results verified that the research assay was reproducible in an independent laboratory on a commercial RUO instrument platform, had high accuracy for detection of lung cancer, and could be further developed as a robust test for performance by clinical laboratories.

A ROC curve graphically plots the performance of a diagnostic test with the true positive rate (sensitivity) for correctly detecting cancer in diseased patients against the false positive rate (1-specificity) for incorrectly identifying cancer in non-diseased (healthy) patients. A ROC curve can be used to compare diagnostic tests, and a good diagnostic test must demonstrate a high sensitivity (correct diagnosis) and acceptable false positive rate ("cancer scares") for the disease. The AUC interprets the accuracy of the test in distinguishing between patients with and without cancer, where the greater the AUC the better the test, such that a perfect test would have an AUC=1.0, an excellent test AUC=0.9-0.99, a good test AUC=0.8-0.89, and a useless test AUC=0.5. In a clinical context, an AUC=0.96 means the probably of correctly classifying a patient as being positive or negative for cancer is 96%.

The **Confirmation Study** to optimise the research-grade BARD1 Lung Cancer Test over a larger sample number was also completed in December 2016. MSD tested over 530 samples of lung cancer and healthy controls (including the samples from the proof of concept [POC] study) on its RUO platform. The raw data of this study is currently undergoing statistical analysis and modelling across different lung cancer types and stage, and patient age, gender, geographic and ethnic origin to optimise the test performance and determine the limits. BARD1 expects to announce the results of the Confirmation Study by end of March 2017.

BARD1 LSL then plans to conduct further validation studies to evaluate the performance of the BARD1 Lung Cancer Test compared to the current gold standard CT scans for early detection and screening lung cancer.

Ovarian Cancer Program

During the half-year, BARD1 LSL progressed its BARD1 Ovarian Cancer Test for detection of ovarian cancer. The BARD1 Ovarian Cancer Test is a non-invasive blood test in development for early detection of ovarian cancer. The test detects multiple BARD1 autoantibodies circulating in the patient's blood, and uses a proprietary diagnostic algorithm to analyse these measurements and report a test score that accurately identifies the presence or absence of ovarian cancer.

BARD1 LSL completed a **proof of concept (POC) study** in September 2016 to evaluate the feasibility of using a small 10 peptide set to detect ovarian cancer in 116 samples of ovarian cancer and healthy controls from different origins. This study yielded a receiver operating ROC-AUC = 0.86¹, indicating the feasibility of developing an accurate blood test with high sensitivity and specificity for detection of ovarian cancer.

A second study tested an additional 88 samples of ovarian cancer and matched healthy controls to evaluate the reproducibility of the BARD1 Ovarian Cancer Test. Statistical modelling was performed and yielded a ROC-AUC = 0.86.² These results confirmed the outcome of the initial POC study, demonstrated the reproducibility of the research assay across new samples, and supported development of the BARD1 Ovarian Cancer Test.

A **Ovarian Cancer Optimisation Study** was commenced in January 2017 to develop and optimise the BARD1 Ovarian Cancer Test for detection of ovarian cancer. MSD tested 300 ovarian cancer and control samples (including those used in the POC studies) on its commercial RUO instrument platform. This data is currently undergoing statistical analysis and modelling, which is expected to improve the sensitivity and specificity of the test for detection of ovarian cancer. BARD1 expects to announce the results of this study by end of March 2017.

¹ BARD1 LSL. Data on file. Sep 2016.

² BARD1 LSL. Data on file. Dec 2016.

Therapeutic Vaccine Program

Discussions were held with a research institution to enter a potential collaboration to evaluate the effectiveness of several candidate BARD1 therapeutic vaccine formulations for use in the prevention and/or treatment of cancer in industry-accepted animal models. BARD1 expects to update the market on this collaboration opportunity in the March quarter.

Outlook

The Directors of BARD1 Life Sciences Ltd are excited by the company's prospects, and are committed to realising the commercial potential of the BARD1 technology, advancing its diagnostic and therapeutic projects towards key development milestones, and growing 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

There have been no matters or circumstances that have arisen since 31 December 2016 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 2016.

Signed in Perth 28 February 2017 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 2016 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 2017

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 2016, 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 2017

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE
HALF YEAR ENDED 31 DECEMBER 2016**

	Note	Consolidated	
		For the six months ended 31 December 2016 \$	For the six months ended 30 June 2016 \$
Revenue and Other Income	2	26,440	-
Administration Expenses		(336,096)	(109,763)
Research and Development		(467,922)	-
Employee benefits expense		(322,096)	(13,673)
Depreciation expense		(4,114)	(4,253)
Patent Expenses		(60,479)	-
Movement in the fair value of investments classified as held for trading		(13,500)	-
Interest expense		(599)	-
Foreign exchange (loss)/gain		(17,574)	-
Impairment on available-for-sale financial assets		(28,230)	-
Listing expense on acquisition of BARD1 Life Sciences Limited		-	(2,463,404)
Loss arising from re-measurement of financial liabilities		-	(250,000)
Net loss for the period		(1,224,171)	(2,841,093)
Income tax benefit		-	-
Net loss for the period after income tax expense		(1,224,171)	(2,841,093)
 Other comprehensive income			
<i>Items that may be subsequently reclassified to operating result</i>			
Foreign currency translation		8,515	2,645
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		8,515	2,645
 Total comprehensive loss for the period attributable to the members of BARD1 LIFE SCIENCES LIMITED		 (1,215,656)	 (2,838,448)
 Basic and diluted loss per share (cents per share), for the half-year attributable to members of BARD1 LIFE SCIENCES LIMITED		 (0.22)	 (1.18)

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 2016

		Consolidated	
	Note	31 December 2016	30 June 2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	5	1,931,740	3,097,751
Trade and other receivables		83,825	76,412
Investments classified as held for trading	6	12,149	25,649
TOTAL CURRENT ASSETS		2,027,714	3,199,812
NON-CURRENT ASSETS			
Available for sale investments	7	56,458	84,689
Plant and equipment		3,752	8,008
TOTAL NON-CURRENT ASSETS		60,210	92,697
TOTAL ASSETS		2,087,924	3,292,509
CURRENT LIABILITIES			
Trade and other payables		393,003	368,977
Provisions		24,455	20,224
Convertible Notes		-	69,387
TOTAL CURRENT LIABILITIES		417,458	458,588
TOTAL LIABILITIES		417,458	458,588
NET ASSETS		1,670,466	2,833,921
EQUITY			
Contributed equity	8	6,620,495	6,620,495
Reserves		(289,977)	(350,693)
Accumulated losses		(4,660,052)	(3,435,881)
TOTAL EQUITY		1,670,466	2,833,921

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 2016

	Consolidated	
	For the six months ended 31 December 2016 \$	For the six months ended 30 June 2016 \$
Cash flows from operating activities		
Payments to suppliers and employees	(1,122,465)	(77,100)
Interest received	2,231	(1,016)
Interest Paid	(599)	-
Other revenue	24,209	-
Net cash used in operating activities	(1,096,624)	(78,116)
Cash flows from investing activities		
Net cash acquired on acquisition of subsidiary	-	701,227
	-	701,227
Cash flows from financing activities		
Repayment of borrowings	(69,387)	-
Proceeds from issue of shares	-	3,000,000
Distribution to owners	-	(309,421)
Share issue costs	-	(283,103)
Net cash used in financing activities	(69,387)	2,407,476
Net (decrease)/increase in cash and cash equivalents	(1,166,011)	3,030,587
Cash and cash equivalents at the beginning of the period	3,097,751	67,164
Cash and cash equivalents at the end of the period	1,931,740	3,097,751

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 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
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

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
Issue of shares (net of costs)	6,291,403	-	-	-	6,291,403
Distribution to owners	-	-	(309,421)	-	(309,421)
Balance at End of Period	6,620,495	(3,435,881)	(309,421)	(41,272)	2,833,921

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 2016 was authorised for issue in accordance with a resolution of the Directors on 28 February 2017.

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 2016 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 2016 and considered together with any public announcements made by BARD1 LIFE SCIENCES LIMITED during the half year ended 31 December 2016 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 2016, the Group incurred a net loss after tax of \$1,224,171 and a cash outflow from operating activities of \$1,096,624. At 31 December 2016, the Group had cash and cash equivalents of \$1,931,740 and net current assets of \$1,610,256.

The Company's cash flow forecasts for the twelve months ending 31 March 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.

(c) Comparative Financial Information

On 17 June 2016, BARD1 Life Sciences Limited completed the legal acquisition of BARD1AG SA. As described in the annual report for the six months ended 30 June 2016, under Australian Accounting Standards BARD1AG SA was deemed to be the accounting acquirer in this transaction. Accordingly, the 2016 consolidated financial

BARD1 LIFE SCIENCES LIMITED
For the Half Year ended 31 December 2016

statements of BARD1 Life Sciences Limited were prepared as a continuation of the business and operations of BARD1AG SA.

BARD1AG SA's previous financial year end was 31 December 2015. To align with the legal parent, Bard1 Life Science Limited, the financial year end of the Consolidated Entity was changed to 30 June 2016. The current interim financial report presents the results of the Consolidated Entity for the six months ended 31 December 2016. BARD1AG SA did not previously present financial information for the six month period ended 31 December 2015. As a result of the change in annual reporting date, the Consolidated Entity has elected to present comparative financial information for the six months ended 30 June 2016 for this half-year financial report.

Accordingly, the comparative information presented for the statement of comprehensive income, statement of changes in equity and statement of cash flows and associated notes is that of the Consolidated Entity for the six months ended 30 June 2016.

(d) 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 2016. 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 2016. The 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 December 2016	For the six months ended 30 June 2016
	\$	\$
Revenue and Other Income		
Interest revenue	2,231	-
Other income	24,209	-
	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 2016.

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 2016	30 June 2016
	\$	\$
Cash at bank and on hand	1,931,740	3,097,751

6 INVESTMENTS HELD FOR TRADING

	31 December 2016	30 June 2016
	\$	\$
Shares in listed companies classified as held for trading (at fair value)	12,149	25,649

7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2016	30 June 2016
	\$	\$
Shares in listed companies classified as available-for-sale (at fair value)	56,458	84,689

8 CONTRIBUTED EQUITY

	31 December 2016	30 June 2016
	\$	\$
Issued and paid up capital		
Ordinary fully paid shares	6,620,495	6,620,495

	For the six months ended 31 December 2016	For the six months ended 30 June 2016
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	Number of Shares	Total \$	Number of Shares	Total \$
<i>Movements in fully paid ordinary shares on issue:</i>				
At beginning of period	551,996,585	6,620,495	300,000	329,092
Elimination of all BARD1AG 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
Less: transaction costs	-	-	-	(408,464)
At the end of the period	551,996,585	6,620,495	551,996,585	6,620,495

9 SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no matters or circumstances that have arisen since 31 December 2016 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 2016	30 June 2016
	\$	\$
Financial assets:		
Cash and cash equivalents	1,931,740	3,097,751
Trade and other receivables - at amortised cost	83,825	76,412
Investments classified as held for trading	12,149	25,649
Total current assets	2,027,714	3,199,812
Available for sale financial assets - at fair value	56,458	84,689
Total non-current assets	56,458	84,689
Financial liabilities:		
Trade and other payables - at amortised cost	393,003	368,977
Convertible Notes	-	69,387
Total current liabilities	393,003	438,364
Total	1,691,169	2,846,137

The carrying value of the Group's financial instruments is considered to approximate fair value at 31 December 2016.

Fair value hierarchy:

The Group uses the following method in estimating the fair value of its financial assets and liabilities at 30 June 2016 and 31 December 2016:

- 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 2016	30 June 2016
	\$	\$
Investments classified as held for trading	12,149	26,649
Available for sale financial assets	56,458	84,689

There were no transfers between level 1 and 2 fair value measurements during the six-month period ended 31 December 2016.

12 SHARE BASED PAYMENTS

Dr Leearne Hinch was appointed as Chief Executive Officer of the Company on 7th November 2016. Under Dr Hinch's terms of employment, she is eligible for the following long term incentives (LTI) in the form of options over ordinary shares in the Company:

Grant of 20,000,000 options for ordinary shares in the Company issued in 4 tranches over 3 years with a 4-year expiry that shall vest as follows:

1. 5M issued @ 5cps upon appointment at completion of the Probationary Period ("Tranche 1")
2. 5M issued @ 5cps upon achieving Milestone 1 ("Tranche 2")
3. 5M issued @ 6cps upon achieving Milestone 2 ("Tranche 3")
4. 5M issued @ 7cps upon achieving Milestone 3 ("Tranche 4")

Issue of the options is subject to shareholder approval and meeting agreed milestones to be set and agreed between the Board and the CEO. At 31 December 2016, Milestones 2 to 4 as above had not yet been defined and therefore no expense has been recognised for Tranches 2 to 4 for the six months ended 31 December 2016.

The estimated fair value of the Tranche 1 options at 31 December 2016 was determined using a Black Scholes 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 2.17%
- Company share price of \$0.034
- Dividend Yield of 0%
- Expected volatility of 80%
- Option exercise price of \$0.05
- Option duration of 4.00 years

The fair value of the Tranche 1 options was estimated to be \$0.0174 per option, or a total of \$87,001. Although the options were not yet issued at 31 December 2016, \$52,201 of this was recognised as a share-based payment expense for the six months ended 31 December 2016 as the service period for these options commenced at the date of Dr Hinch's appointment as CEO.

Report on the half-year financial report to the members of BARD1 Life Sciences Limited

We have reviewed the accompanying half-year financial report of BARD1 Life Sciences Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 controls as the directors determine are 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, we have become aware of any matter that makes us 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 consolidated entity's financial position as at 31 December 2016 and its 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 BARD1 Life Sciences Limited and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BARD1 Life Sciences Limited is not in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its 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

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



V L Hoang

Partner

Perth

28 February 2017