

InterK Peptide Therapeutics Limited
Annual report

ACN 099 867 991

for the year ended 30 June 2020

InterK Peptide Therapeutics Limited ACN 099 867 991

Annual report - 2020

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Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of InterK Peptide Therapeutics Limited (referred to hereafter as the "Company" or "Entity") and Nutripep Pty Ltd (the "Subsidiary"), the entity it controlled at the end of, and during, the year ended 30 June 2020.

The Company is incorporated and domiciled in Australia as an unlisted public company. The Company became a public company on 29 December 2016 and changed its name from Inter-K Pty Limited.

Directors

The following persons were directors of InterK Peptide Therapeutics Limited during the financial year and up to the date of this report:

Name	Position
Michael Agrez	Chairman
Stephen Parker	Executive Director
Paul Anseline	Non-executive Director
David Gray	Non-executive Director
Christopher Piggott	Non-executive Director

Principal activities

During the year the principal continuing activities of the entity consisted of research and development of immune boosting technology, developing a unique approach to boosting the immune system with potential application across a wide range of diseases and conditions, including cancer.

There were no other significant changes in the nature of the activities of the entity occurred during the year.

Dividends

There were no dividends paid during the year or declared after year end.

Review of operations

The loss for the year after income tax was \$ 1,157,759 (2019: \$1,059,374).

Significant changes in the state of affairs

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. Following the COVID-19 outbreak, the company has continued its business operations. The situation is unprecedented and management continues to consider the potential implications of COVID-19, which may include disruptions to the provision of services, availability of employees and changes in customer demand. However, as at the date these financial statements were authorised, the company was not aware of any material adverse effects on the financial statements or future results as a result of the COVID-19.

There have been no other significant changes in the state of affairs of the company during the year.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 June 2020 that have significantly affected, or may significantly affect:

- (a) the entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the entity's state of affairs in future financial years.

Likely developments and expected results of operations

In the opinion of the directors there are no significant developments or expected results of operations that have occurred or are expected to occur subsequent to year end.

Environmental regulation

The entity's operations are subject to various environmental regulations under both Commonwealth and State legislation.

The Board believes that the entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the entity.

Information on directors

Director	Experience and expertise	Other current directorships	Special responsibilities
Dr Michael Agrez MBBS MS PhD FRCS FRACS	Michael's 35-year involvement in cancer research was initiated from his clinical experience as a colorectal surgeon at the Mayo Clinic. He has published numerous articles in international journals that cover aspects of epidemiology, cancer screening, molecular biology and biochemistry. Prior to his full time appointment as CEO/CSO of InterK, and in addition to his clinical and academic roles, Michael was actively involved in healthcare administration and management.	Nil	Chairman Chief Executive Officer Chief Scientific Officer
Mr Stephen Parker	Stephen has been involved with new product development and commercialisation in the biotechnology sector for more than 25 years. Prior to his involvement with InterK as COO and Commercialisation Manager, Stephen held senior management roles with Smith and Nephew Surgical (Aust.) Pty Ltd and Advanced Surgical Design and Manufacture Ltd (now Allegra Orthopaedics Ltd.). Stephen has patented and subsequently successfully commercialised a range of orthopaedic surgical devices currently marketed worldwide.	Nil	Chief Operating Officer Commercialisation Manager Secretary
Dr Paul Anseline	Paul practised as a specialist Colorectal Surgeon for 30 years. In that time, with Michael Agrez, he developed The Colorectal Unit at The John Hunter Hospital and was its first Director. Paul has had a long involvement in cancer treatment and research, with over 30 publications in local and international peer-reviewed surgical journals on these and other surgical topics, over the past 40 years. He became a Fellow of The American College of Surgeons and The American Society of Colon & Rectal Surgeons as well as Fellow and Member of several national and local surgical societies. He was the Supervisor of Surgical Training in Newcastle for the Australasian College of Surgeons for 13 years and became a Conjoint Associate Professor of Newcastle. He remains a reviewer for the Journal of the Australasian College and an assessor for the Collaborating Hospitals Audit of Surgical Mortality of the College.	Nil	Non-Executive Director

Mr David Gray	<p>David has been involved in building, real estate and property development for over 50 years. He has been responsible for numerous multi-million dollar property development projects and has been a director and shareholder of a multi-million dollar property development company.</p>	Port Stephens Tourist Organisation	Non-Executive Director
	<p>David has been a member of the NSW Council of the Urban Development Institute of Australia, a director of the Port Stephens Tourist Organisation and a member of the Toronto, Newcastle, Maitland and Port Stephens Chambers of Commerce. David currently owns and operates his own property development company.</p>		
Mr Christopher Piggott	<p>Christopher has been a registered pharmacist for more than fifty years. During his career he has established a network of pharmacies throughout the NSW Hunter Valley region and held a number of academic positions at the University of Newcastle. He is currently Conjoint Professor of Practice at the school of Biomedical Sciences and Pharmacy and is a recipient of The Pharmaceutical Society of Australia's Lifetime of Achievement Award.</p>	Nil	Non-Executive Director

Meetings of directors

Director	Full meetings of directors	
	A	B
Michael Agrez	12	12
Stephen Parker	12	12
Paul Anseline	12	12
David Gray	11	12
Christopher Piggott	11	12

A = Number of meetings attended

B = Number of meetings held during the time the director held office

Insurance of Officers

During the year, the company paid a premium for a Directors and Officers liability insurance policy. The insurance policy provides cover for the directors named in this report, the company secretary, officers and former directors and officers of the company. The contract prohibits the disclosure of the nature of the liabilities and the amount of the premium.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the directors.



Michael Agrez
Chairman

24 November 2020



Stephen Parker
Director

24 November 2020



Auditor's Independence Declaration

As lead auditor for the audit of InterK Peptide Therapeutics Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of InterK Peptide Therapeutics Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Angela Higgins'.

Angela Higgins
Partner
PricewaterhouseCoopers

Newcastle
24 November 2020

InterK Peptide Therapeutics Limited ACN 099 867 991

Annual financial report - 2020

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InterK Peptide Therapeutics Limited
Consolidated income statement and statement of comprehensive income
For the year ended 30 June 2020

		2020	2019
	Notes	\$	\$
Revenue from continuing operations		-	-
Other income	2	678,642	620,938
Expenses			
Professional fees		104,510	88,284
Employee benefits		233,027	227,403
Subcontractors		1,027,959	970,828
Patent costs		143,511	178,421
Rent		40,941	44,329
Depreciation	3	5,341	7,174
Other general and administrative		30,014	26,141
Peptides		168,138	91,571
Net foreign exchange losses		37,911	20,859
Travel and accommodation		45,049	25,302
		1,836,401	1,680,312
Profit/(loss) for the year before income tax		(1,157,759)	(1,059,374)
Income tax expense	4	-	-
Profit/(loss) for the year after income tax		(1,157,759)	(1,059,374)
Other comprehensive income		-	-
Total comprehensive income/(loss)		(1,157,759)	(1,059,374)

The above consolidated income statement and statement of comprehensive income should be read in conjunction with the accompanying notes.

InterK Peptide Therapeutics Limited
Consolidated balance sheet
As at 30 June 2020

		2020	2019
	Notes	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	5	659,811	298,167
Trade and other debtors	6	768,165	678,137
Total current assets		<u>1,427,976</u>	<u>976,304</u>
Non-current assets			
Property, plant and equipment	7	19,504	20,866
Total non-current assets		<u>19,504</u>	<u>20,866</u>
Total assets		<u>1,447,480</u>	<u>997,170</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	396,536	231,481
Total current liabilities		<u>396,536</u>	<u>231,481</u>
Non-Current liabilities			
Long Service Leave provision		<u>25,622</u>	<u>22,822</u>
		<u>25,622</u>	<u>22,822</u>
Total liabilities		<u>(422,158)</u>	<u>(254,303)</u>
Net assets		<u>1,025,322</u>	<u>742,867</u>
EQUITY			
Contributed equity	9	10,532,977	9,092,763
Accumulated losses		<u>(9,507,659)</u>	<u>(8,349,896)</u>
Total equity		<u>1,025,322</u>	<u>742,867</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Net Assets/Number of shares
= 1,025,322/28,452,436
= \$0.036036/share

InterK Peptide Therapeutics Limited
Consolidated statement of changes in equity
For the year ended 30 June 2020

	Notes	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2018		8,590,023	(7,290,522)	1,299,501
Issuance of capital		502,740	-	502,740
Total comprehensive income/(loss) for the year		-	(1,059,374)	(1,059,374)
Balance at 30 June 2019		<u>9,092,763</u>	<u>(8,349,896)</u>	<u>742,867</u>
Issuance of capital	9	1,440,214	-	1,440,214
Total comprehensive income/(loss) for the year		-	(1,157,759)	(1,157,759)
Balance at 30 June 2020		<u>10,532,977</u>	<u>(9,507,655)</u>	<u>1,025,322</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

InterK Peptide Therapeutics Limited
Consolidated statement of cash flows
For the year ended 30 June 2020

		2020	2019
	Notes	\$	\$
Cash flows from operating activities			
Receipts from research & development incentives and government grants		621,210	632,737
Payments to suppliers and employees (inclusive of goods and services tax)		(1,697,500)	(1,530,012)
Interest received		1,699	6,911
Net cash (outflow)/inflow from operating activities	10	(1,074,591)	(890,364)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,979)	-
Net cash (outflow)/inflow from investing activities		(3,979)	-
Cash flows from financing activities			
Proceeds of capital issue		1,440,214	502,740
Net cash inflow from financing activities		1,440,214	502,740
Net increase/(decrease) in cash and cash equivalents		361,644	(387,624)
Cash and cash equivalents at the beginning of the financial year		298,167	685,791
Cash and cash equivalents at end of year	5	659,811	298,167

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. InterK Peptide Therapeutics Limited ("the Company") and its controlled entity (together, "the Group") is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified to enhance comparability.

Going concern

For the year ended 30 June 2020 the Group experienced substantial operating losses, however was still in a net current asset and net asset position. In October 2020, the Group has undertaken a share capital raise of ordinary shares of 407,350 at a value of \$1 per share. At the date of this report, \$224,333 has been received in payment for shares to be issued. The funds collected from this capital raise will provide sufficient cashflow to pay the Group's debts and commitments as the majority of the Group's expenditures are discretionary and therefore will only be incurred to the extent there is sufficient cashflow available within the Group.

The directors believe it is appropriate to prepare the financial statements on a going concern basis and that the Group has the ability to realise its assets and discharge its liabilities as and when they become due and payable within the normal course of business. Therefore, the directors have prepared the financial report on a going concern basis.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies.

The directors do not believe that the financial statements involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant.

(b) Revenue recognition

The Group received a Research and Development concession from the government which has been included in other income.

No revenue from continuing operations has been recognised in the current year.

1. Summary of significant accounting policies (continued)

(c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that the future taxable amounts will be available to utilise those temporary differences and losses.

(d) Goods and Services Tax (GST)

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authority is included as a current asset or liability in the balance sheet.

(e) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1 Summary of significant accounting policies (continued)

(g) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on all assets is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Plant and equipment 13.33% to 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(e)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of comprehensive income.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(j) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specified to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

1 Summary of significant accounting policies (continued)

(k) Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(l) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(m) Tax consolidation legislation

InterK Peptide Therapeutics Limited and its wholly-owned Australian entity have implemented the tax consolidation legislation.

The head entity, InterK Peptide Therapeutics Limited, and the controlled entity in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer on its own right.

In addition to its own current and deferred tax amounts, InterK Peptide Therapeutics Limited also recognised the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Other Income

	2020	2019
	\$	\$
R&D tax incentive	649,580	614,027
Interest received	29,062	6,911
	<u>678,642</u>	<u>620,938</u>

3. Expense

	2020	2019
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	5,342	7,174
Total depreciation	<u>5,342</u>	<u>7,174</u>

4. Income tax

	2020	2019
	\$	\$
Numerical reconciliation of income tax expense to prima facie tax payable:		
(Loss) from continuing operations before income tax expense	(1,157,763)	(1,059,374)
Tax at the Australia tax rate of 30%	<u>(347,329)</u>	<u>(317,812)</u>
	(347,329)	(317,812)
Current year losses not recognised as deferred tax assets	<u>347,329</u>	<u>317,812</u>

5. Current assets - Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	<u>659,811</u>	<u>298,167</u>

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows.

6. Current assets - Trade and other debtors

	2020	2019
	\$	\$
R&D tax incentive	649,581	614,027
Prepayments	61,107	37,221
GST receivable	37,298	26,889
Other receivables	20,179	-
	<u>768,165</u>	<u>678,137</u>

7. Non-current assets – Property, plant and equipment

	Property, Plant & Equipment \$	Fixtures and Fittings \$	Computer Equipment \$	Total \$
Plant and equipment and office equipment				
Year ended 30 June 2019				
Opening net book amount	25,107	2,690	243	28,040
Depreciation charge	(6,514)	(538)	(122)	(7,174)
Closing net book amount	<u>18,593</u>	<u>2,152</u>	<u>121</u>	<u>20,866</u>
As at 30 June 2019				
Cost	53,612	4,735	2,120	60,467
Accumulated depreciation	(35,019)	(2,583)	(1,999)	(39,601)
Net book amount	<u>18,593</u>	<u>2,152</u>	<u>121</u>	<u>20,866</u>
Year ended 30 June 2020				
Opening net book amount	18,593	2,152	121	20,866
Additions	-	-	3,979	3,979
Depreciation charge	(4,595)	(431)	(315)	(5,341)
Closing net book amount	<u>13,999</u>	<u>1,720</u>	<u>3,784</u>	<u>19,504</u>
As at 30 June 2020				
Cost	53,612	4,735	6,099	64,446
Accumulated depreciation	(39,614)	(3,014)	(2,314)	(44,942)
Net book amount	<u>13,999</u>	<u>1,720</u>	<u>3,784</u>	<u>19,504</u>

8. Current liabilities – Trade and other payables

	2020	2019
	\$	\$
Accounts Payable	<u>396,536</u>	<u>231,481</u>
	<u>396,536</u>	<u>231,481</u>

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

9. Contributed equity

	2020	2019	2020	2019
	Shares	Shares	\$	\$
(a) Share Capital				
Ordinary shares – fully paid	28,452,436	25,654,436	(10,532,977)	(9,092,763)
	Number of shares		\$	
Balance at 1 July 2019	25,654,436		9,092,763	
Issuance of share capital	2,798,000		1,467,500	
Less: Transaction costs arising on share issue	-		(27,286)	
Balance at 30 June 2020	<u>28,452,436</u>		<u>10,532,977</u>	

All ordinary shares are fully paid.

10. Reconciliation of profit after income tax to net cash inflow from operating activities

	2020	2019
	\$	\$
Loss for the year	(1,157,759)	(1,059,374)
Add /(less) non-cash items:		
Depreciation	5,341	7,174
Change in assets and liabilities:		
(Increase)/decrease in trade and other debtors	(55,733)	(7,834)
Increase/(decrease) in trade creditors/ accruals	133,560	169,670
Net cash provided by operating activities	<u>(1,074,591)</u>	<u>(890,364)</u>

11. Contingent liabilities and contingent assets

The Group has no contingent assets or liabilities at 30 June 2020 (2019: Nil).

12. Commitments

Capital commitments

There is no (2019: Nil) capital expenditure contracted for at the end of the reporting period but not recognised as a liability.

13. Related party transactions

(a) Parent entity

InterK Peptide Therapeutics Limited is the ultimate parent of the Group. It owns 100% of the share capital of Nutripep Pty Ltd. Refer to note 14 for parent entity financial information for InterK Peptide Therapeutics Limited. There is no controlling shareholder in 2019 or the current year.

(b) Key management personnel

	2020	2019
	\$	\$
Short-term employee benefits	230,675	225,441

Key management personnel include the CEO. Amounts paid to Directors who are key management personnel in relation to consultancy arrangements have been disclosed in c) below.

(c) Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

	2020	2019
	\$	\$
Consultancy expense – IP Marketing Solutions	198,862	183,774

14. Parent entity financial information

The individual financial statements for the parent entity and the Group are one in the same. Nutripep Pty Ltd is a dormant entity.

15. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2020	2019
	\$	\$
Audit of financial statements	22,500	21,500
Other services	4,500	3,500
Total remuneration for audit services	27,000	25,000
Taxation and other services	46,818	59,160

16. Capital management

As a start-up entity in the research and development phase, the Group's objectives when managing capital are to the safeguard the ability to continue as a going concern, while supporting the Group in reaching commercial production in order to provide returns for shareholders and benefits for other stakeholders.

17. COVID-19 impact

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. Following the COVID-19 outbreak, the Company has continued its business operations. The situation is unprecedented and management continues to consider the potential implications of COVID-19, which may include disruptions to the supply chain and availability of employees. However, as at the date these financial statements were authorised, the Company was not aware of any material adverse effects on the financial statements or future results as a result of the COVID-19.

18. Events occurring after the balance sheet date

In October 2020, the Group has undertaken a share capital raise of ordinary shares of 407,350 shares at a value of \$1 per share. At the date of this report, \$224,333 has been received in payment for shares to be issued.

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 20 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the group's financial position as at 30 June 2020 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Michael Agrez
Chairman



Stephen Parker
Director

Newcastle
24 November 2020



Independent auditor's report

To the members of InterK Peptide Therapeutics Limited

Our opinion

In our opinion:

The accompanying financial report of InterK Peptide Therapeutics Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement and statement of comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

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Angela Higgins

Angela Higgins
Partner

Newcastle
24 November 2020