

# **InterK Peptide Therapeutics Limited**

ACN 099 867 991

## **Annual report for the year ended 30 June 2021**

# **InterK Peptide Therapeutics Limited**

ACN 099 867 991

## **Annual report - 30 June 2021**

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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 InterK (Qld) Pty Ltd (the "Subsidiary"), the entities it controlled at the end of, or during, the year ended 30 June 2021.

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 whole of the financial year and up to the date of this report:

Michael Agrez  
Stephen Parker  
Paul Anseline  
David Gray  
Christopher Piggot  
Craig Harris

## **Principal activities**

During the year the principal continuing activities of the group 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 was no significant change in the nature of the activity of the group during the year.

## **Dividends**

No dividends have been paid during the financial year. The directors do not recommend that a dividend be paid in respect of the financial year (2020: \$nil).

## **Review of operations**

The loss from ordinary activities after income tax amounted to \$1,360,776 (2020 loss: \$1,157,759).

## **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 group has continued its business operations. The situation is unprecedented and management continues to consider the potential implications of COVID-19, such as disruptions to the provision of services. However, as at the date these consolidated financial statements were authorised, the group was not aware of any material adverse effects on the consolidated financial statements or future results as a result of the COVID-19.

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

## **Matters subsequent to the end of the financial year**

In October 2021, the company raised \$806,099 of capital. No matters or circumstances have arisen since 30 June 2021 that have significantly affected, or may significantly affect:

- (a) the group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the group'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 group operations are subject to various environmental regulations under both Commonwealth and State legislation.

The Board believes that the group 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 group.

#### Information on directors

| Directors                                     | Experience and expertise  | Other current directorships | Special responsibilities  |
|---|---|-----------------------------|---|
| Dr Michael Agrez<br>MBBS MS PhD<br>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<br>Chief Executive<br>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<br>Commercialisation Manager<br>Secretary |

**Information on directors (continued)**

|                        |   |                                    |                        |
|------------------------|---|------------------------------------|------------------------|
| 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          | 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.<br>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  | Port Stephens Tourist Organisation | Non-Executive Director |
| Mr Christopher Piggott | 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.  | Nil                                | Non-Executive Director |

**InterK Peptide Therapeutics Limited**  
**Directors' report**  
**30 June 2021**  
 (continued)

|                 |  |     |                        |
|-----------------|--|-----|------------------------|
| Dr Craig Harris | Craig is a Sydney based dual fellowship trained practicing radiologist with a subspecialty interest in musculoskeletal imaging. He has worked as a radiologist throughout NSW and Queensland as well as Canada where he spent a year with the University of Toronto. Craig has published many articles in peer reviewed journals and has an active roll in teaching around the world, regularly invited to speak at scientific meetings. Craig was a founding partner of Synergy Radiology, a very successful conglomerate of radiology practices established in 2004. Craig was instrumental in structuring a sale of Synergy Radiology as well as commercialising other smaller radiology projects. In addition to his radiology interests, Craig has a research and development advisory role in an Orthopaedic hardware company. | Nil | Non-Executive Director |
|-----------------|--|-----|------------------------|

### Meetings of directors

The numbers of meetings of the company's board of directors, of each board committee held during the year ended 30 June 2021, and the numbers of meetings attended by each director were:

| Directors           | 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 |
| Craig Harris        | 3                          | 3  |

A = Number of meetings attended

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

### Insurance of officers

During the financial year, InterK Peptide Therapeutics Limited 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.

### Proceedings on behalf of the group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

### Auditor

The auditor of the group is PricewaterhouseCoopers (PwC).

### Rounding of amounts

The group is of a kind referred to in ASIC Corporations (Rounding in Financial/directors' report) Instrument 2016/191, relating to the "rounding off" of amounts in the directors' report and consolidated financial statements. Amounts in the directors' report and consolidated financial statements have been rounded to the nearest dollar, in accordance with that Instrument, unless otherwise indicated.

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



Michael Agrez  
Director



Stephen Parker  
Director

08-December-2021





## *Auditor's Independence Declaration*

As lead auditor for the audit of Interk Peptide Therapeutics Limited for the year ended 30 June 2021, 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 blue ink that reads 'Angela Higgins'.

Angela Higgins  
Partner  
PricewaterhouseCoopers

Newcastle  
8 December 2021

# InterK Peptide Therapeutics Limited

ACN 099 867 991

## Financial report - 30 June 2021

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These financial statements are the consolidated financial statements of the consolidated entity consisting of InterK Peptide Therapeutics Limited and its subsidiary InterK (Qld) Pty Ltd. The consolidated financial statements are presented in the Australian dollar (\$).

InterK Peptide Therapeutics Limited is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these consolidated financial statements.

The consolidated financial statements were authorised for issue by the directors on.....08 December 2021. The directors have the power to amend and reissue the consolidated financial statements.

**InterK Peptide Therapeutics Limited**  
**Consolidated statement of comprehensive income**  
**For the year ended 30 June 2021**

|  | Notes | 2021<br>\$         | 2020<br>\$  |
|--|-------|--------------------|-------------|
| <b>Revenue from continuing operations</b>                  |       | -                  | -           |
| <b>Other income</b>  | 3     | <b>750,696</b>     | 678,642     |
| Professional fees  |       | <b>89,172</b>      | 104,510     |
| Employee benefits  |       | <b>179,918</b>     | 233,027     |
| Subcontractors   |       | <b>1,450,436</b>   | 1,027,959   |
| Patents costs  |       | <b>221,144</b>     | 143,511     |
| Rent   |       | <b>24,000</b>      | 40,941      |
| Depreciation   | 4     | <b>6,979</b>       | 5,341       |
| Other general and administrative expenses                  |       | <b>36,699</b>      | 30,014      |
| Peptides   |       | <b>38,430</b>      | 168,138     |
| Net foreign exchange losses                                |       | <b>49,112</b>      | 37,911      |
| Travel and accommodation                                   |       | -                  | 45,049      |
| Finance costs  | 4     | <b>15,582</b>      | -           |
| <b>Loss before income tax</b>                              |       | <b>(1,360,776)</b> | (1,157,759) |
| Income tax benefit/(expense)                               | 5     | -                  | -           |
| <b>Loss for the year</b>                                   |       | <b>(1,360,776)</b> | (1,157,759) |
| <b>Other comprehensive income for the year, net of tax</b> |       | -                  | -           |
| <b>Total comprehensive loss for the year</b>               |       | <b>(1,360,776)</b> | (1,157,759) |

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

**InterK Peptide Therapeutics Limited**  
**Consolidated balance sheet**  
**As at 30 June 2021**

|                                      | Notes | 2021<br>\$       | 2020<br>\$       |
|--------------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                        |       |                  |                  |
| <b>Current assets</b>                |       |                  |                  |
| Cash and cash equivalents            | 6     | 246,624          | 659,811          |
| Trade and other receivables          | 7     | 804,279          | 768,165          |
| <b>Total current assets</b>          |       | <b>1,050,903</b> | <b>1,427,976</b> |
| <b>Non-current assets</b>            |       |                  |                  |
| Property, plant and equipment        | 8     | 17,299           | 19,504           |
| <b>Total non-current assets</b>      |       | <b>17,299</b>    | <b>19,504</b>    |
| <b>Total assets</b>                  |       | <b>1,068,202</b> | <b>1,447,480</b> |
| <b>LIABILITIES</b>                   |       |                  |                  |
| <b>Current liabilities</b>           |       |                  |                  |
| Trade and other payables             | 9     | 379,350          | 396,536          |
| Borrowings                           | 10    | 500,000          | -                |
| <b>Total current liabilities</b>     |       | <b>879,350</b>   | <b>396,536</b>   |
| <b>Non-current liabilities</b>       |       |                  |                  |
| Provisions                           |       | 28,271           | 25,622           |
| <b>Total non-current liabilities</b> |       | <b>28,271</b>    | <b>25,622</b>    |
| <b>Total liabilities</b>             |       | <b>907,621</b>   | <b>422,158</b>   |
| <b>Net assets</b>                    |       | <b>160,581</b>   | <b>1,025,322</b> |
| <b>EQUITY</b>                        |       |                  |                  |
| Contributed equity                   | 11    | 11,029,012       | 10,532,977       |
| Accumulated losses                   | 12    | (10,868,431)     | (9,507,655)      |
| <b>Total equity</b>                  |       | <b>160,581</b>   | <b>1,025,322</b> |

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

**InterK Peptide Therapeutics Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2021**

|  | Notes | Attributable to owners of<br>InterK Peptide Therapeutics<br>Limited |                             | Total<br>equity<br>\$ |
|--|-------|---|-----------------------------|-----------------------|
|  |       | Contributed<br>equity<br>\$   | Accumulated<br>Losses<br>\$ |                       |
| <b>Balance at 1 July 2019</b>                                |       | 9,092,763   | (8,349,896)                 | 742,867               |
| Profit/(loss) for the year                                   |       | -   | (1,157,759)                 | (1,157,759)           |
| Other comprehensive income                                   |       | -   | -                           | -                     |
| <b>Total comprehensive (loss) for the year</b>               |       | -   | <b>(1,157,759)</b>          | <b>(1,157,759)</b>    |
| Issuance of capital  | 11    | 1,440,214   | -                           | 1,440,214             |
| <b>Balance at 30 June 2020</b>                               |       | <b>10,532,977</b>   | <b>(9,507,655)</b>          | <b>1,025,322</b>      |
| <b>Balance at 1 July 2020</b>                                |       | 10,532,977  | (9,507,655)                 | 1,025,322             |
| Profit/(loss) for the year                                   |       | -   | (1,360,776)                 | (1,360,776)           |
| Other comprehensive income                                   |       | -   | -                           | -                     |
| <b>Total comprehensive (loss) for the year</b>               |       | -   | <b>(1,360,776)</b>          | <b>(1,360,776)</b>    |
| <b>Transactions with owners in their capacity as owners:</b> |       |   |                             |                       |
| Contributions of equity, net of transaction costs and tax    | 11    | 496,035   | -                           | 496,035               |
| <b>Balance at 30 June 2021</b>                               |       | <b>11,029,012</b>   | <b>(10,868,431)</b>         | <b>160,581</b>        |

*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 2021**

|   | 2021                  | 2020               |
|---|-----------------------|--------------------|
| Notes   | \$                    | \$                 |
| <b>Cash flows from operating activities</b>                           |                       |                    |
| Receipts from research & development incentives and government grants | 659,220               | 621,210            |
| Payments to suppliers and employees (inclusive of GST)                | (2,063,833)           | (1,697,500)        |
| Interest received   | 166                   | 1,699              |
| <b>Net cash (outflow) from operating activities</b>                   | 13 <u>(1,404,447)</u> | <u>(1,074,591)</u> |
| <b>Cash flows from investing activities</b>                           |                       |                    |
| Payments for property, plant and equipment                            | (4,775)               | (3,979)            |
| <b>Net cash (outflow) from investing activities</b>                   | <u>(4,775)</u>        | <u>(3,979)</u>     |
| <b>Cash flows from financing activities</b>                           |                       |                    |
| Proceeds from issues of shares and other equity securities            | 11 496,035            | 1,440,214          |
| Proceeds from borrowings  | 500,000               | -                  |
| <b>Net cash inflow from financing activities</b>                      | <u>996,035</u>        | <u>1,440,214</u>   |
| <b>Net (decrease) increase in cash and cash equivalents</b>           | (413,187)             | 361,644            |
| Cash and cash equivalents at the beginning of the financial year      | 659,811               | 298,167            |
| Cash and cash equivalents at end of year                              | 6 <u>246,624</u>      | <u>659,811</u>     |

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

**Contents of the notes to the consolidated financial statements**

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## 1 Summary of significant accounting policies

This note provides a list of all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of InterK Peptide Therapeutics Limited and its subsidiary.

### (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 is a for-profit entity for the purpose of preparing the financial statements.

#### (i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The consolidated financial statements of the group comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

#### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis. All amounts are presented in Australian dollars, unless otherwise noted.

#### (iii) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time in their annual reporting period commencing 1 July 2020:

- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*.
- *Conceptual Framework for Financial Reporting* and AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework*.

The adoption of these amendments did not have any impact on the current year or any prior year and is not likely to affect future years.

#### (iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. A summary of the new standards is set out below:

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Entities (effective financial years commencing on or after 1 July 2021). AASB 1060 is a new stand-alone disclosure standard to replace the current reduced disclosure requirements (RDR) framework and provides for an increase in disclosures compared to Special Purpose Financial Statements, particularly related parties, financial instruments and tax.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting years and on foreseeable future transactions.

#### (v) Going concern

At the date 30 June 2021, the group had an operating loss of \$1,360,776 (2020: \$1,157,759).

Management have prepared cash flow forecasts for at least the next twelve months from the date of approval of the consolidated financial statements. These forecasts show adequate cash resources to pay debts when they fall due and continues to show adequate cash resources will be available to cover the group requirements for working capital and capital expenditure for a period of twelve months from the date of these accounts. Management have also the ability to control the subcontractor expenses should the research activity be suspended for a period of time.



## **1 Summary of significant accounting policies (continued)**

### **(b) Revenue recognition**

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

All revenue is stated net of the amount of goods and services tax (GST).

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

### **(c) Other income**

Other Income is recognised when it is received or when the right to receive payment is established. Other income may include government grants. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and that the group will comply with all attached conditions. Government grants are recognised when the entity controls the contribution or right to receive it and the expenditure is incurred, in line with the intended purpose.

### **(d) Income tax**

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

## **1 Summary of significant accounting policies (continued)**

### **(e) Impairment of assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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 of disposal 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 year.

### **(f) Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, 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 in the consolidated balance sheet.

### **(g) Trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2021 or 1 July 2020 respectively and the corresponding historical credit losses experienced within this period.

### **(h) Property, plant and equipment**

All other 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. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

## **1 Summary of significant accounting policies (continued)**

### **(h) Property, plant and equipment (continued)**

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Plant and equipment 13.33% to 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

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 profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

### **(i) 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. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **(j) 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 profit or loss over the year of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the year of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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 reporting year.

### **(k) Finance cost**

Interest income and expenses are recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### **(l) Provisions**

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

## **1 Summary of significant accounting policies (continued)**

### **(l) Provisions (continued)**

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 year. 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 specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### **(m) Employee benefits**

#### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of 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. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

#### *(ii) Other long-term employee benefit obligations*

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

#### *(iii) Retirement benefit obligations*

Contributions to the defined contribution section of the group's superannuation plan and other independent defined contribution superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### **(n) Contributed equity**

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (note 11).

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.

### **(o) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting year but not distributed at the end of the reporting year.

## **1 Summary of significant accounting policies (continued)**

### **(p) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### **(q) Other expenses**

Expenses are recognised in the Statement of Comprehensive Income on an accrual basis.

### **(r) Rounding of amounts**

The group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the "rounding off" of amounts in the directors' report and consolidated financial statements. Amounts in the directors' report and consolidated financial statements have been rounded to the nearest dollar, in accordance with that Instrument, unless otherwise indicated.

## **2 Critical estimates, judgements and errors**

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

### **(a) Significant estimates and judgements**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Management have prepared a cashflow forecast for a period greater than 12 months from the date of signing these accounts. There is significant estimation included in the cash flow forecasts. As there is limited committed expenditure, a portion of the estimated cash outflow is discretionary and can be withheld should there be insufficient cashflows over the next 12 months to fund them.

### **(b) Critical accounting estimates and assumptions**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## **3 Other income**

| Notes             | <b>2021</b><br>\$     | 2020<br>\$     |
|-------------------|-----------------------|----------------|
| R&D tax incentive | <b>734,112</b>        | 649,580        |
| Interest received | <b>16,584</b>         | 29,062         |
|                   | <b><u>750,696</u></b> | <u>678,642</u> |

**InterK Peptide Therapeutics Limited**  
**Notes to the consolidated financial statements**  
**30 June 2021**  
(continued)

#### 4 Expenses

|   | 2021<br>\$ | 2020<br>\$ |
|---|------------|------------|
| <i>Depreciation</i>                       |            |            |
| Plant and equipment                       | 6,979      | 5,341      |
| <i>Finance costs</i>                      |            |            |
| Interest and finance charges paid/payable | 15,582     | -          |

#### 5 Income tax expense

##### (a) Income tax expense

|  | 2021<br>\$ | 2020<br>\$ |
|--|------------|------------|
| <i>Current tax</i>                           |            |            |
| Current tax on profits for the year          | -          | -          |
| Adjustments for current tax of prior periods | -          | -          |
| <b>Total current tax expense/(benefit)</b>   | <b>-</b>   | <b>-</b>   |
| <b>Income tax expense/(benefit)</b>          | <b>-</b>   | <b>-</b>   |

##### (b) Numerical reconciliation of income tax expense to prima facie tax payable

|  | 2021<br>\$  | 2020<br>\$  |
|--|-------------|-------------|
| Profit from continuing operations before income tax expense                                | (1,360,776) | (1,157,759) |
| Tax at the Australian tax rate of 30.0% (2020 - 30.0%)                                     | (408,233)   | (347,328)   |
| Tax effect of amounts which are not deductible (taxable)<br>in calculating taxable income: |             |             |
| Current year losses not recognised as deferred tax assets                                  | 408,233     | 347,328     |
| <b>Income tax expense/(benefit)</b>  | <b>-</b>    | <b>-</b>    |

#### 6 Current assets - Cash and cash equivalents

|                          | 2021<br>\$ | 2020<br>\$ |
|--------------------------|------------|------------|
| Cash at bank and in hand | 246,624    | 659,811    |

**InterK Peptide Therapeutics Limited**  
**Notes to the consolidated financial statements**  
**30 June 2021**  
(continued)

**7 Current assets - Trade and other receivables**

|                   | <b>2021</b>           | <b>2020</b>           |
|-------------------|-----------------------|-----------------------|
|                   | <b>\$</b>             | <b>\$</b>             |
| R&D tax incentive | <b>734,112</b>        | 649,581               |
| Prepayments       | <b>31,290</b>         | 61,107                |
| GST receivable    | <b>32,099</b>         | 37,298                |
| Other receivables | <b>6,778</b>          | 20,179                |
|                   | <b><u>804,279</u></b> | <b><u>768,165</u></b> |

The payment related to the R&D tax incentive receivable has been received on 17 September 2021.

**8 Non-current assets - Property, plant and equipment**

| <b>Non-current</b>             | <b>Plant and<br/>equipment<br/>\$</b> | <b>Furniture,<br/>fittings and<br/>equipment<br/>\$</b> | <b>Computer<br/>Equipment<br/>\$</b> | <b>Total<br/>\$</b> |
|--------------------------------|---------------------------------------|---|--------------------------------------|---------------------|
| <b>Year ended 30 June 2020</b> |                                       |   |                                      |                     |
| 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>13,998</u>                         | <u>1,721</u>  | <u>3,785</u>                         | <u>19,504</u>       |
| <b>At 30 June 2020</b>         |                                       |   |                                      |                     |
| Cost                           | 53,612                                | 4,735   | 6,099                                | 64,446              |
| Accumulated depreciation       | (39,614)                              | (3,014)   | (2,314)                              | (44,942)            |
| Net book amount                | <u>13,998</u>                         | <u>1,721</u>  | <u>3,785</u>                         | <u>19,504</u>       |
| <b>Year ended 30 June 2021</b> |                                       |   |                                      |                     |
| Opening net book amount        | 13,998                                | 1,721   | 3,785                                | 19,504              |
| Additions                      | 534                                   | -   | 4,240                                | 4,774               |
| Depreciation                   | (3,332)                               | (344)   | (3,303)                              | (6,979)             |
| Closing net book amount        | <u>11,200</u>                         | <u>1,377</u>  | <u>4,722</u>                         | <u>17,299</u>       |
| <b>At 30 June 2021</b>         |                                       |   |                                      |                     |
| Cost                           | 54,143                                | 4,735   | 10,340                               | 69,218              |
| Accumulated depreciation       | (42,943)                              | (3,358)   | (5,618)                              | (51,919)            |
| Net book amount                | <u>11,200</u>                         | <u>1,377</u>  | <u>4,722</u>                         | <u>17,299</u>       |

## 9 Current liabilities - Trade and other payables

|                  | 2021<br>\$     | 2020<br>\$     |
|------------------|----------------|----------------|
| Trade payables   | 349,398        | 369,003        |
| Accrued expenses | 29,952         | 27,533         |
|                  | <u>379,350</u> | <u>396,536</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.

## 10 Borrowings

|                  | 2021<br>Current<br>\$ | 2021<br>Non-<br>current<br>\$ | 2021<br>Total<br>\$ | 2020<br>Current<br>\$ | 2020<br>Non-<br>current<br>\$ | 2020<br>Total<br>\$ |
|------------------|-----------------------|-------------------------------|---------------------|-----------------------|-------------------------------|---------------------|
| Shareholder loan | 500,000               | -                             | 500,000             | -                     | -                             | -                   |
|                  | <u>500,000</u>        | <u>-</u>                      | <u>500,000</u>      | <u>-</u>              | <u>-</u>                      | <u>-</u>            |

Shareholder loan totalling \$500,000 is interest bearing with an option to convert to equity at the rate of \$0.3333 per share based on the loan agreement.

## 11 Contributed equity

### (a) Share capital

|                 | 2021<br>Shares | 2020<br>Shares | 2021<br>\$ | 2020<br>\$ |
|-----------------|----------------|----------------|------------|------------|
| Ordinary shares |                |                |            |            |
| Fully paid      | 29,680,486     | 28,452,436     | 11,029,012 | 10,532,977 |

### (b) Movements in ordinary shares:

| Details  | Number of<br>shares | \$                |
|--|---------------------|-------------------|
| Opening balance 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 30 June 2020                           | <u>28,452,436</u>   | <u>10,532,977</u> |
| Opening balance 1 July 2020                    | 28,452,436          | 10,532,977        |
| Issuance of share capital                      | 1,228,050           | 522,350           |
| Less: Transaction costs arising on share issue |                     | (26,315)          |
| Balance 30 June 2021                           | <u>29,680,486</u>   | <u>11,029,012</u> |





**InterK Peptide Therapeutics Limited**  
**Notes to the consolidated financial statements**  
**30 June 2021**  
(continued)

## 12 Accumulated losses

Movements in accumulated losses were as follows:

|                         | 2021<br>\$          | 2020<br>\$         |
|-------------------------|---------------------|--------------------|
| Balance 1 July          | (9,507,655)         | (8,349,896)        |
| Net (loss) for the year | <u>(1,360,776)</u>  | <u>(1,157,759)</u> |
| Balance 30 June         | <u>(10,868,431)</u> | <u>(9,507,655)</u> |

## 13 Cash flow information

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

|   | Notes | 2021<br>\$         | 2020<br>\$         |
|---|-------|--------------------|--------------------|
| Loss for the year                               |       | (1,360,776)        | (1,157,759)        |
| Adjustments for:                                |       |                    |                    |
| Depreciation and amortisation                   | 4     | 6,979              | 5,341              |
| Change in operating assets and liabilities:     |       |                    |                    |
| Increase in trade and other debtors             |       | (36,114)           | (55,733)           |
| (Decrease)/increase in trade creditors/accruals |       | <u>(14,536)</u>    | <u>133,560</u>     |
| Net cash outflow from operating activities      |       | <u>(1,404,447)</u> | <u>(1,074,591)</u> |

## 14 Contingencies

The group had no contingent liabilities at 30 June 2021 (2020: nil).

## 15 Commitments

### (a) Capital commitments

There is no capital expenditure (2020: Nil) contracted for at the end of the reporting period but not recognised as a liability.

## 16 Related party transactions

### (a) Parent entities

InterK Peptide Therapeutics Limited is the ultimate parent of the Group. It owns 100% of the share capital of InterK (Qld) Pty Ltd. Refer to note 17 for parent entity financial information for InterK Peptide Therapeutics Limited. There is no controlling shareholder in 2020 or the current year.

### (b) Key management personnel compensation

|                              | 2021<br>\$     | 2020<br>\$     |
|------------------------------|----------------|----------------|
| Short-term employee benefits | <u>160,970</u> | <u>155,740</u> |

## **16 Related party transactions (continued)**

### **(b) Key management personnel compensation (continued)**

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:

|  | <b>2021</b>    | <b>2020</b> |
|--|----------------|-------------|
|  | <b>\$</b>      | <b>\$</b>   |
| Consultancy expense – IP Marketing Solutions | <b>181,571</b> | 198,862     |

## **17 Parent entity financial information**

The individual financial statements for the parent entity and the Group are the same because InterK (Qld) Pty Ltd is a dormant entity.

## **18 Remuneration of auditors**

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, InterK Peptide Therapeutics Limited:

|                                       | <b>2021</b>       | <b>2020</b> |
|---------------------------------------|-------------------|-------------|
|                                       | <b>\$</b>         | <b>\$</b>   |
| Audit of financial statements         | <b>23,500</b>     | 22,500      |
| Other audit related services          | <b>4,750</b>      | 4,500       |
| Total remuneration for audit services | <b>28,250</b>     | 27,000      |
| <br>Taxation and other services       | <br><b>71,473</b> | <br>46,818  |

## **19 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.

## **20 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 group has continued its business operations. The situation is unprecedented and management continues to consider the potential implications of COVID-19, such as disruptions to the provision of services. However, as at the date these consolidated financial statements were authorised, the group was not aware of any material adverse effects on the financial statements or future results as a result of the COVID-19.

## **21 Events occurring after the reporting period**

In October 2020, the Group has undertaken a share capital raise of ordinary shares of 806,099 shares at a value of \$1 per share. At the date of this report, \$696,099 has been received in payment for shares to be issued.

**InterK Peptide Therapeutics Limited**  
**Directors' declaration**  
**30 June 2021**

In the directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 8 to 25 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date, and
- (b) 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 directors.



Michael Agrez  
Director



Stephen Parker  
Director

08-December-2021

## *Independent auditor's report*

To the members of Interk Peptide Therapeutics Limited

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### *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 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

### *What we have audited*

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

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### *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.

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### *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 2021, 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.

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### *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 - Reduced Disclosure Requirements 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.

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### *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](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Angela Higgins*

Angela Higgins  
Partner

Newcastle  
8 December 2021