

InterK Peptide Therapeutics Limited

ACN 099 867 991

Annual report for the year ended 30 June 2022

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Annual report - 30 June 2022

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Directors' report

The 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 2022.

The Company is incorporated and domiciled in Australia as an unlisted public company.

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 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 other 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 (2021: \$nil).

Review of operations

The loss after income tax amounted to \$816,960 (2021: \$1,360,776).

Significant changes in the state of affairs

The Group conducted a share capital raise in October 2021 through the issue of 806,099 ordinary shares at a value of \$1 per share plus two bonus shares. A second share capital raise was conducted in April 2022 through the issue of 98,000 ordinary shares at a value of \$1 per share plus 2 bonus shares.

Taken together, the Group undertook share capital raises totalling 904,099 ordinary shares during the year ended 30 June 2022.

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

Matters subsequent to the end of the financial year

The Group conducted a share capital raise in November 2022 wherein 847,200 ordinary shares were issued at \$1 per share plus 3 bonus shares.

This sum will ensure adequate cash resources are on hand to pay debts when they fall due for a period of twelve months from the date of these accounts.

Matters subsequent to the end of the financial year (continued)

No other matters or circumstances have arisen since 30 June 2022 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 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 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

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. 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

Information on directors (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 role 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
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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 2022, 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	11
David Gray	12	11
Christopher Piggot	12	12
Craig Harris	12	12

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 company

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 6.

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 the directors.



Michael Agrez
Director



Stephen Parker
Director

02 March 2023



Auditor's Independence Declaration

As lead auditor for the audit of InterK Peptide Therapeutics Limited for the year ended 30 June 2022, 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
02 March 2023

InterK Peptide Therapeutics Limited

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Financial report - 30 June 2022

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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). 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. Its registered office and principal place of business is:

2/25 Sirius Rd
Lane Cove West
NSW 2066

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 02 March 2023. The directors have the power to amend and reissue the consolidated financial statements.

InterK Peptide Therapeutics Limited
Consolidated statement of profit or loss and other comprehensive
For the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Revenue from operations		-	-
Other income	3	322,997	750,696
Professional fees		102,839	89,172
Employee benefits		163,372	179,918
Subcontractors		500,249	1,450,436
Patents costs		223,087	221,144
Rent		16,000	24,000
Depreciation		5,190	6,979
Other general and administrative expenses		51,929	36,699
Peptides		35,314	38,430
Net foreign exchange losses		26,224	49,112
Finance costs	4	15,753	15,582
Loss before income tax		(816,960)	(1,360,776)
Income tax benefit/(expense)	5	-	-
Loss for the year		(816,960)	(1,360,776)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(816,960)	(1,360,776)

The above consolidated statement of profit or loss and other comprehensive should be read in conjunction with the accompanying notes.

InterK Peptide Therapeutics Limited
Consolidated statement of financial position
As at 30 June 2022

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	50,112	246,624
Current tax receivables		322,995	734,112
Other receivables	7	15,416	70,167
Total current assets		388,523	1,050,903
Non-current assets			
Property, plant and equipment	8	12,110	17,299
Total non-current assets		12,110	17,299
Total assets		400,633	1,068,202
LIABILITIES			
Current liabilities			
Trade and other payables	9	147,550	382,926
Borrowings	10	-	500,000
Employee benefit obligations	11	27,293	-
Total current liabilities		174,843	882,926
Non-current liabilities			
Employee benefit obligations	11	-	24,695
Total non-current liabilities		-	24,695
Total liabilities		174,843	907,621
Net assets		225,790	160,581
EQUITY			
Contributed equity	12	11,911,181	11,029,012
Accumulated losses		(11,685,391)	(10,868,431)
Total equity		225,790	160,581

The above Consolidated statement of financial position 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 2022

	Notes	Contributed equity \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2020		10,532,977	(9,507,655)	1,025,322
Loss for the year		-	(1,360,776)	(1,360,776)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		-	(1,360,776)	(1,360,776)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	12	496,035	-	496,035
Balance at 30 June 2021		11,029,012	(10,868,431)	160,581
Balance at 1 July 2021		11,029,012	(10,868,431)	160,581
Loss for the year		-	(816,960)	(816,960)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		-	(816,960)	(816,960)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	12	882,169	-	882,169
Balance at 30 June 2022		11,911,181	(11,685,391)	225,790

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 2022

	2022	2021
Notes	\$	\$
Cash flows from operating activities		
Receipts from research & development incentives and government grants	737,523	659,220
Payments to suppliers and employees (inclusive of GST)	(1,322,381)	(2,063,833)
Interest received	-	166
Interest paid	(15,753)	-
Net cash (outflow) from operating activities	(600,611)	(1,404,447)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(4,775)
Net cash (outflow) from investing activities	-	(4,775)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	804,099	496,035
Proceeds from borrowings	-	500,000
Repayment of borrowings	(400,000)	-
Net cash inflow from financing activities	404,099	996,035
Net (decrease) in cash and cash equivalents	(196,512)	(413,187)
Cash and cash equivalents at the beginning of the financial year	246,624	659,811
Cash and cash equivalents at end of year	6 50,112	246,624

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

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 - Simplified Disclosure Requirements

The consolidated financial statements of the InterK Peptide Therapeutics Limited group comply with Australian Accounting Standards - Simplified Disclosures 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.

(iii) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(iv) 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 2021:

- AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
- AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*
- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2 [AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139]*
- AASB 2020-9 *Amendments to Australian Accounting Standards - Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments [AASB 1060]*.

The Group adopted AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* in the current year. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the consolidated financial statements because the group previously complied with *Australian Accounting Standards - Reduced Disclosure Requirements* in preparing its consolidated financial statements.

The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(v) Material uncertainty as to going concern

For the year ended 30 June 2022, the Group has experienced an operating loss of \$816,961 and operating cash outflows of \$600,611 comprising normal operating expenses including intellectual property maintenance and continuing commercialisation activity. The research and development program has been put on hold.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) Material uncertainty as to going concern (continued)

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 that if the Group removes all discretionary spend it will have sufficient cash to pay debts when they fall due and for committed expenditure for a period of twelve months from the date of these accounts.

Management are actively pursuing a transition from the essential research and development activity to proof of concept and ultimately to commercialisation.

Management are aiming to fund commercialisation by carrying out the following actions:

- Negotiating additional funding through investment of new commercial partners;
- Obtaining the continuing support of the shareholders through short term financing and potential future capital raises.

Should commercialisation activities be unsuccessful and in the absence of further capital raises, the Directors and Management would not have sufficient cash flows to continue activity and would look at winding up the company.

As a result of these matters, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the directors believe that the Group will be successful in the above matters and have no current intention of winding up the company and, accordingly, have prepared the financial report on a going concern basis.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (\$), which is InterK Peptide Therapeutics Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

(c) 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.

1 Summary of significant accounting policies (continued)

(d) 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.

(e) 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 Australia where the company and its subsidiary 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 and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively 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.

(f) Impairment of non-financial 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 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 that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(g) 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.

1 Summary of significant accounting policies (continued)

(h) Financial instruments

Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group's financial assets at amortised cost includes cash and cash equivalents and other receivables. The Group does not have any financial assets measured subsequently at fair value (either through OCI or through profit or loss).

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value.

Subsequent to initial recognition, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Financial liabilities

(i) Recognition and derecognition

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and borrowings.

1 Summary of significant accounting policies (continued)

(h) Financial instruments (continued)

Financial liabilities (continued)

(i) Recognition and derecognition (continued)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive.

(ii) Measurement

Subsequent to initial recognition financial liabilities are recognised at amortised cost using the effective interest method.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(i) 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. 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.

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(f)).

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.

(j) 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.

1 Summary of significant accounting policies (continued)

(k) 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 statement of financial position 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.

(l) 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.

(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 statement of financial position.

(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 statement of financial position 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.

1 Summary of significant accounting policies (continued)

(n) Contributed equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities (note 12).

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) 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 statement of financial position.

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.

(p) Other expenses

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

(q) 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 and judgements

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.

(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.

InterK Peptide Therapeutics Limited
Notes to the consolidated financial statements
30 June 2022
(continued)

3 Other income

	2022	2021
	\$	\$
R&D tax incentive	322,995	734,112
Interest received	2	16,584
	322,997	750,696

4 Finance costs

	2022	2021
	\$	\$
Interest and finance charges paid/payable	15,753	15,582

5 Income tax expense

(a) Income tax expense

	2022	2021
	\$	\$
<i>Current tax</i>		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	-	-
Total current tax expense/(benefit)	-	-
Income tax expense/(benefit)	-	-

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

	2022	2021
	\$	\$
Loss from operations before income tax expense	(816,960)	(1,360,776)
Tax at the Australian tax rate of 30.0% (2021 - 30.0%)	(245,088)	(408,233)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Current year losses not recognised as deferred tax assets	245,088	408,233
Income tax expense/(benefit)	-	-

6 Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	50,112	246,624

InterK Peptide Therapeutics Limited
Notes to the consolidated financial statements
30 June 2022
(continued)

7 Other receivables

	2022	2021
	\$	\$
Prepayments	1,453	31,290
GST receivables	10,596	32,099
Other receivables	3,367	6,778
	15,416	70,167

8 Property, plant and equipment

	Plant and equipment \$	Furniture, fittings and equipment \$	Computer Equipment \$	Total \$
Non-current				
At 30 June 2021				
Cost	54,143	4,735	10,340	69,218
Accumulated depreciation	(42,943)	(3,358)	(5,618)	(51,919)
Net book amount	11,200	1,377	4,722	17,299
Year ended 30 June 2022				
Opening net book amount	11,200	1,377	4,722	17,299
Depreciation charge	(2,553)	(275)	(2,361)	(5,189)
Closing net book amount	8,647	1,102	2,361	12,110
At 30 June 2022				
Cost	54,143	4,735	10,340	69,218
Accumulated depreciation	(45,496)	(3,633)	(7,979)	(57,108)
Net book amount	8,647	1,102	2,361	12,110

9 Trade and other payables

	2022	2021
	\$	\$
Trade payables	117,917	349,398
Accrued expenses	22,721	22,722
Payroll tax and other statutory liabilities	6,912	10,806
	147,550	382,926

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 Trade and other payables (continued)

The following table shows the carrying amounts of trade and other payables between financial liabilities and non-financial liabilities:

	2022	2021
	\$	\$
Financial liabilities measured at amortised cost	117,917	349,398
Non-financial liabilities	29,633	33,528
	147,550	382,926

10 Borrowings

	2022	2021
	\$	\$
Unsecured		
Shareholder loan	-	500,000
Total unsecured loan	-	500,000

Shareholder loan totalling \$nil (2021: \$500,000) is interest bearing with an option to convert to equity at the rate of \$1 per share based on the loan agreement. \$400,000 of the loan was repaid, with \$100,000 converted to equity.

11 Employee benefit obligations

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Leave obligations	27,293	-	27,293	-	24,695	24,695

(a) Leave obligations

The leave obligations cover the Group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 1(m).

12 Contributed equity

(a) Share capital

	2022	2021	2022	2021
	Shares	Shares	\$	\$
Ordinary shares				
Fully paid	32,392,783	29,680,486	11,911,181	11,029,012

Net Equity	= \$225,790
Number of Shares	= 32,392,783
Value per share	= \$0.00697

12 Contributed equity (continued)

(b) Movements in ordinary shares:

Details	Number of shares	Total \$
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>
Opening balance 1 July 2021	29,680,486	11,029,012
Issuance of share capital	2,712,297	904,099
Less: Transaction costs arising on share issue	-	(21,930)
Balance 30 June 2022	<u>32,392,783</u>	<u>11,911,181</u>

13 Contingencies

The Group had no contingent liabilities at 30 June 2022 (2021: \$nil).

14 Commitments

Capital commitments

There is no capital expenditure (2021: Nil) contracted for at the end of the reporting period but not recognised as a liability.

15 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 16 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

	2022 \$	2021 \$
Short-term employee benefits	<u>159,658</u>	160,970

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.

15 Related party transactions (continued)

(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:

	2022	2021
	\$	\$
Consultancy expense – IP Marketing Solutions	164,450	171,600
Reimbursed expenses - IP Marketing Solutions	8,419	9,971
Interest expense - shareholder's loan	15,573	15,582
	<u>188,442</u>	<u>197,153</u>

16 Parent entity financial information

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

17 Remuneration of auditors

During the year the following fees were paid or payable for services provided PricewaterhouseCoopers Australia (PwC) as the auditor of the parent entity, InterK Peptide Therapeutics Limited:

	2022	2021
	\$	\$
<i>Audit and review of financial statements</i>		
Audit of financial statements	24,000	23,500
Total remuneration for audit services	<u>24,000</u>	<u>23,500</u>
<i>Other services</i>		
Taxation services	97,614	71,473
Compilation of financial statements	5,500	4,750
Total remuneration for other services	<u>103,114</u>	<u>76,223</u>
Total auditors' remuneration	<u>127,114</u>	<u>99,723</u>

18 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.

19 Events occurring after the reporting period

The Group conducted a share capital raise in November 2022 wherein 847,200 ordinary shares were issued at \$1 per share plus 3 bonus shares.

This sum will ensure adequate cash resources are on hand to pay debts when they fall due for a period of twelve months from the date of these accounts.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

In the directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 7 to 25 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards - Simplified Disclosures, 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 2022 and of its performance 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.

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



Michael Agrez
Director



Stephen Parker
Director

02 March 2023



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 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- 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 statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- 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.



Material uncertainty related to going concern

We draw attention to Note 1(a)(v) in the financial report, which indicates that the Group incurred an operating loss of \$816,960 and operating cash outflows of \$600,611 and highlights the need for successful commercialisation activities. These conditions, along with other matters as set forth in Note 1(a)(v), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2022, but does not include the financial report and our auditor's report thereon.

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 - Simplified Disclosures 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: . This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Angela Higgins

Angela Higgins
Partner

Newcastle
02 March 2023