Universal Biosecurity Limited

ABN 90 605 963 611

Annual Report – 30 June 2018

Universal Biosecurity Limited
Directors' report
30 June 2018

The directors present their report, together with the financial statements, of Universal Biosecurity Limited (referred to hereafter as the 'company') for the year ended 30 June 2018.

Directors
The following persons were directors of Universal Biosecurity Limited during the whole of the year and up to the date of this report, unless otherwise stated:

Simon Andrew (appointed 23 August 2017)
Simon McKirdy
Bryant McLarty (appointed 23 September 2019)
Tim Andrew (resigned 14 August 2017)
Yonglin Ren (resigned 10 January 2020)
Danielle Lee (resigned 10 July 2018)

Principal activities
During the financial year the principal continuing activities of the company consisted of biosecurity technology research and development with a focus on achieving an environmentally friendly, safe, cost effective fumigation for all agricultural matter being transported from one location to another.

Review of operations
The loss for the company for the year amounted to $480,823 (2017: $148,268).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company during the year.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 27 November 2019, the company issued 1,875,000 shares to raised $150,000.

On 18 August 2020, Emma Waldon resigned as Company Secretary and Sam Wright was appointed as Company Secretary. Emma Waldon has held the role of Company Secretary since 10 August 2015.

Other than the above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation
The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Simon Andrew
Title:	Executive Director
Qualifications:	Bachelor of Applied Science and honours thesis at Curtin University of Technology. Mr Andrew's honours thesis involved the development of an ion-selective electrode for the analysis iron levels in sea water.
Experience and expertise:	Mr Andrew has 20 years' experience in financial markets in Asia and Australia. He has worked in various roles including as an equity research analyst for several global investment banks including Deutsche Bank and BoA Merrill Lynch. In addition he was a founding director of an ASX listed company Emmerson Resources Limited (ASX:ERM) with an additional 8 years as a non-executive director. Mr Andrew's previous role was Head of Business Development for ASX listed Yowie Group (ASX:YOW), a role that required a significant amount of effort in developing offshore markets.
Special responsibilities:	None

Name:	Simon McKirdy
Title:	Non-Executive Chairman
Qualifications:	PhD in Plant Pathology, University of Western Australia
Experience and expertise:	Dr McKirdy has international expertise in biosecurity and, in particular, plant biosecurity. He completed his PhD in Plant Pathology at the University of Western Australia. His experience covers research, policy development and the management of biosecurity within the government and private sectors. His career has included the roles of Quarantine Plant Pathologist, Program Manager at Plant Health Australia, and 8 years as CEO of the Australian Plant Biosecurity Cooperative Research Centre. Most recently he has held the roles of Biosecurity Science and Risk Manager, Chevron Australia, and is currently Professor Biosecurity and Sustainable Development Murdoch University. He is Deputy Chairman of the Western Australian Biosecurity Council that provides advice to the Western Australian government through the Minister for Agriculture and is a board member for Bondi labs.
Special responsibilities:	None

Name:	Bryant McLarty
Title:	Non-executive Director
Qualifications:	None
Experience and expertise:	Executive Chairman of Mac Equity Partners, a boutique Western Australian stockbroking and corporate advisory business operating since 2009. Clients include ASX listed, public and private companies, wholesale high net worth investors and overseas funds who are provided with a range of services including capital raising, share trading, corporate advisory, marketing, presentation, consulting and strategic advice. Mr Mclarty has over 20 years' experience in public capital markets and raising capital for technology ventures. Mr Mclarty was the Executive Chairman of PharmAust Limited (ASX: PAA) during which time it provided highly specialised medicinal and synthetic chemistry services on a contract basis to clients. Mr Mclarty was also a Non-Executive Director of Avation PLC (LSE: AVAP) a specialist commercial passenger aircraft leasing company managing a fleet of 24 aircraft, from 2008 to 2013, a Non-Executive Director of Hazer Group Limited (ASX: HZR) from prior to its ASX listing until February 2017 and Parkd Limited (ASX:PKD) from prior to its ASX listing until April 2020.
Special responsibilities:	None

Company secretary
Sam Wright has over fifteen years experience in the administration of ASX listed companies, corporate governance and corporate finance. He is a member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia, and the Chartered Secretaries of Australia. Mr Wright is currently the Finance Director and Company Secretary of ASX listed company, PharmAust Limited. He is a Non-Executive Director & Company Secretary for ASX listed company, Structural Monitoring Systems plc. Mr Wright is Company Secretary for ASX listed companies, Buxton Resources Limited and Wide Open Agriculture Limited. He has also filled the role of Director and Company Secretary with a number of unlisted companies. Mr Wright is the Managing Director of Perth-based corporate advisory firm Straight Lines Consultancy, specialising in the provision of corporate services to public companies. Mr Wright has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, and shareholder relations with both retail and institutional investors.

Meetings of directors
The number of meetings of the company's Board of Directors (the 'Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Board meetings	
	Attended	Held
Simon Andrew	1	1
Simon McKirdy	1	1
Tim Andrew	-	1
Yonglin Ren	1	1
Danielle Lee	1	1
Bryant McLarty (appointed 23 September 2019)	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Shares under option
Unissued ordinary shares of Universal Biosecurity Limited under option at the date of this report are as follows:

Grant date	Expiry date	Issue price	Number under option
02/08/2017	31/12/2021	0.08	3,000,000

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001.

Indemnity and insurance of auditor
The company has not, during or since the end of the year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 11 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 11 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of RSM Australia Partners
There are no officers of the company who are former partners of RSM Australia Partners

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 immediately after this directors' report.

Auditor
RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Bryant McLarty
Director

4 February 2021
Perth

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Universal Biosecurity Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 4 February 2021

General information

The financial statements cover Universal Biosecurity Limited as an individual entity. The financial statements are presented in Australian dollars, which is Universal Biosecurity Limited's functional and presentation currency.

Universal Biosecurity Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	**Principal place of business**
Suite 7, 29 The Avenue Nedlands WA 6009	Suite 7, 29 The Avenue Nedlands WA 6009

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors.

Universal Biosecurity Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
Revenue			
Consultancy revenue		19,000	10,000
Expenses			
Administration expenses		(179,516)	(158,070)
Finance costs		(1,547)	(198)
Prototype development costs		(66,760)	-
Share based payments	9	(151,200)	-
Intangible asset expensed		(100,800)	-
Loss before income tax expense		(480,823)	(148,268)
Income tax expense	10	-	-
Loss after income tax expense for the year		(480,823)	(148,268)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(480,823)	(148,268)

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

Universal Biosecurity Limited
Statement of financial position
As at 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
Assets			
Current assets			
Cash and cash equivalents	3	19,163	285,627
GST refundable		7,301	6,266
Prepayments		13,015	12,833
Total current assets		39,479	304,726
Total assets		39,479	304,726
Liabilities			
Current liabilities			
Trade and other payables	4	59,493	108,429
Borrowings	5	12,512	-
Total current liabilities		72,005	108,429
Total liabilities		72,005	108,429
Net (liabilities)/ assets		(32,526)	196,297
Equity			
Issued capital	6	592,303	592,303
Options reserve	7	252,000	-
Accumulated losses	8	(876,829)	(396,006)
Total (deficiency in equity)/equity		(32,526)	196,297

The above statement of financial position should be read in conjunction with the accompanying notes

Universal Biosecurity Limited
Statement of changes in equity
For the year ended 30 June 2018

	Issued capital $	Options reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2016	592,303	-	(247,738)	344,565
Loss after income tax expense for the year	-	-	(148,268)	(148,268)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(148,268)	(148,268)
Balance at 30 June 2017	592,303	-	(396,006)	196,297

	Issued capital $	Options reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2017	592,303	-	(396,006)	196,297
Loss after income tax expense for the year	-	-	(480,823)	(480,823)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(480,823)	(480,823)
Transactions with owners in their capacity as owners:				
Share based payments	-	252,000	-	252,000
Balance at 30 June 2018	592,303	252,000	(876,829)	(32,526)

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

Universal Biosecurity Limited
Statement of cash flows
For the year ended 30 June 2018

	Note	30 Jun 2018 $	30 Jun 2017 $
Cash flows from operating activities			
Receipts from customers		19,000	11,000
Payments to suppliers and consultants		(296,429)	(188,007)
Interest and other finance costs paid		(1,547)	(198)
Net cash used in operating activities	14	(278,976)	(177,205)
Cash flows from financing activities			
Proceeds from loan		12,512	-
Share issue transaction costs		-	(4,148)
Net cash from/(used in) financing activities		12,512	(4,148)
Net decrease in cash and cash equivalents		(266,464)	(181,353)
Cash and cash equivalents at the beginning of the year		285,627	466,980
Cash and cash equivalents at the end of the year	3	19,163	285,627

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

Note 1. Significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted
The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses
The company has adopted AASB 2016-1 from 1 July 2017. The amendments to AASB 112 'Income Taxes' clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

AASB 2016-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107
The company has adopted AASB 2016-2 from 1 July 2017. The amendments to AASB 107 'Statement of Cash Flows' require the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2017-2 Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle
The company has adopted AASB 2017-2 from 1 July 2017. The amendments to AASB 12 'Disclosure of Interests in Other Entities' clarify that the disclosure requirements of AASB 12 (other than the requirements for summarised information for subsidiaries, joint ventures and associates) apply to a company's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners, or discontinued operations in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred a loss of $480,823 and had net cash outflows from operating activities of $278,976 for the year ended 30 June 2018. As at that date, the company's current liabilities exceeded its current assets by $32,526 and had net liabilities of $32,526.

These factors indicate significant uncertainty as to whether the company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the company will be able to continue as a going concern, after consideration of the following factors:

- The ability to issue additional shares under the *Corporations Act 2001* to raise further working capital;
- As disclosed at Note 17, subsequent to the financial year the company issued 1,875,000 shares to raise $150,000 (before costs); and
- The company has the ability to scale down its operations in order to curtail expenditure, in the event insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

Note 1. Significant accounting policies (continued)

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 ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of services
Rendering of services revenue from consultancy fees is recognised by reference to the stage of completion of the contracts.

Interest
Interest revenue is recognised as interest accrues using the effective interest method.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the year is the tax payable on that year's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior years, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 1. Significant accounting policies (continued)

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting year; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting year. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting year; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting year. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

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

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the 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 tax authority is included in other receivables or other payables in the 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the year in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting year. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting year. The amount recognised in profit or loss for the year is the cumulative amount calculated at each reporting date less amounts already recognised in previous years.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting year, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting year.
- from the end of the vesting year until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting year, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the company or employee and is not satisfied during the vesting year, any remaining expense for the award is recognised over the remaining vesting year, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Note 1. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or year.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the year of their expected benefit, being their finite life of 10 years.

Research and development
Research costs are expensed in the year in which they are incurred.

Development costs are capitalised when it is probable that the project will be successful considering its commercial and technical feasibility; the company is able to use or sell the asset; the company has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the year of their expected benefit.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the reporting year ended 30 June 2018. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting years beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance.
Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The company will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the company.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting years beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The company will adopt this standard from 1 July 2018 and the impact of its adoption is expected to be minimal on the company.

AASB 16 Leases
This standard is applicable to annual reporting years beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier years of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts

Note 1. Significant accounting policies (continued)

for leases. The company will adopt this standard from 1 July 2019 and the impact of its adoption is expected to be minimal on the company.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting year but may impact profit or loss and equity.

Impairment of intangibles
The company assesses impairment at the end of each reporting year by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using calculations which incorporate various key assumptions. All intangible assets are accounted for using the cost model whereby costs are amortised on a straight-line basis over their estimated useful lives. The company has yet to ascribe an estimated useful life of the intangibles as the patents are provisional and the technology is subject to research and development before being commercialised and available for use. Residual values and useful lives are reviewed at each reporting date.

Note 3. Current assets - cash and cash equivalents

	30 June 2018 $	30 June 2017 $
Cash at bank	19,163	285,627
	19,163	285,627

Note 4. Current liabilities – trade and other payables

	30 June 2018 $	30 June 2017 $
Trade payables	57,837	58,429
Other payables	-	49,000
GST payable	1,656	1,000
	59,493	108,429

Note 5. Current liabilities – Borrowings

	30 June 2018 $	30 June 2017 $
Insurance loans*	12,512	-
	12,512	-

* Unsecured and interest charged at 7.34%p.a.

Note 6. Equity - issued capital

	30 June 2018 Shares	30 June 2018 $
Ordinary shares - fully paid	32,500,000	592,303

Movements in ordinary shares

	No of shares	Issue price	$
Opening balance 1 July 2016	32,500,000	-	592,303
Movements during the year	-	-	-
Closing balance 30 June 2017	32,500,000		592,303

	No of shares	Issue Price	$
Opening balance 1 July 2017	32,500,000	-	592,303
Movements during the year	-	-	-
Closing balance 30 June 2018	32,500,000		592,303

Note 6. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Note 7. Equity – reserves

	30 June 2018 $	30 June 2017 $
Options reserve	252,000	-
	252,000	-

Note 8. Equity – accumulated losses

	30 June 2018 $	30 June 2017 $
Accumulated losses at the beginning of the year	(396,006)	(247,738)
Loss after income tax expense for the year	(480,823)	(148,268)
Accumulated losses at the end of the year	(876,829)	(396,006)

Note 9: Share-based payments

Set out below are summaries of options granted during the year:

Class	Number	Grant date	Expiry date	Exercise price $	Fair value per option at grant date $	Fair value $	Recognised as expense in 2018 $
Series A1 [1]	4,500,000	2-Aug-2017	31-Dec-2021	0.30	0.0336	151,200	151,200
Series A2 [2]	3,000,000	2-Aug-2017	31-Dec-2021	0.30	0.0336	100,800	100,800

[1] Options issued to directors, employees and contractors.
[2] Options issued to the inventors of the patent in consideration of assigning their IP to the company.

For the options granted during the current financial year, the fair value was determined by using the Hoadley ES02 model. The valuation model inputs used to determine the fair value at the grant date, are as follows.

Class	Grant Date	Exercise price	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value per option at grant date
		$	$				$
Series A1	2-Aug-2017	0.30	0.08	100%[1]	0%	2.18%	0.0336
Series A2	2-Aug-2017	0.30	0.08	100%[1]	0%	2.18%	0.0336

[1] As the company was unlisted at the grant date of the options there is a lack of historic market share price data to calculate the expected volatility. As a result, a 100 per cent expected volatility has been used.

7,500,000 options were exercisable at the end of the financial year.

The weighted average exercise price of options outstanding at the end of the financial year was $0.30. The weighted average fair value of options granted during the year was $0.0336.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.51 years.

Note 10. Income Tax

The prima facie tax receivable on loss before income tax is reconciled to the income tax expense as follows:

	30 June 2018 $	30 June 2017 $
Prima facie benefit on operating loss at 27.5%	132,226	40,774
Tax losses not brought to account	(132,226)	(40,774)
Income tax benefit attributable to operating loss	-	-

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately $173,000 and has not been brought to account at reporting date because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss and exploration expenditure.

Note 11. Remuneration of auditors

The following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company and its network firms:

	30 June 2018 $	30 June 2017 $
Audit services - RSM Australia Partners		
Audit of the financial statements	10,000	-
Audit services – BDO Audit (WA) Pty Ltd		
Audit or review of the financial statements	-	18,818
	10,000	18,818

Note 12: Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the is set out below:

	30 June 2018 $	30 June 2017 $
Short-term employee benefits	-	50,187
Post-employment benefits	-	-
Long-term benefits	-	-
Share-based payments	151,200	-
	151,200	50,187

13. Related party transactions

Transactions with related parties
During the financial year, the following payments were made to related parties:

- $4,500 was charged by Mac Equity Partners (International) Pty Ltd, a company controlled by Director Bryant McLarty, for an investor relations event;

During the prior year, the following payments were made to key management personnel and their related parties:

- $7,355 in fees and retainers were paid or payable to Tejiman Holdings Pty Ltd, a company controlled by Director Tim Andrew, pursuant to a mandate agreement to provide corporate advisory services.
- $2,540 in rent was paid or payable to Tejiman Holdings Pty Ltd, a company controlled by Director Tim Andrew, pursuant to a lease to provide office space.

All transactions were made on normal commercial terms and conditions at market rates.

Payables to related parties
At 30 June 2018, the following amounts were payable to related parties:

- $1,188 was payable to View Street Partners Pty Ltd, a company controlled by former Director Tim Andrew at 30 June 2018 for reimbursement of travel expenses.

There were no amounts receivable or payable to related parties at 30 June 2017.

There were no other payables to related parties at the current reporting date.

Receivable from and payable to related parties
There were no receivables from related parties at the current reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current reporting date.

Note 14. Reconciliation of loss after income tax to net cash from operating activities

	30 June 2018 $	30 June 2017 $
Loss for the year	(480,823)	(148,268)
Adjustments for:		
Share based payments	151,200	-
Intangible asset write-off	100,800	-
Reversal of expenses	40,000	-
Change in operating assets and liabilities:		
GST refundable	(1,035)	(3,892)
Prepayments	(182)	-
Trade and other payables	(8,936)	(25,045)
Net cash used in operating activities	(278,976)	(177,205)

Note 15. Contingent liabilities

The company has no contingent liabilities.

Note 16. Commitments

The company has no commitments.

Note 17. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 27 November 2019, the company issued 1,875,000 shares to raised $150,000.

On 18 August 2020, Emma Waldon resigned as Company Secretary and Sam Wright was appointed as Company Secretary. Emma Waldon has held the role of Company Secretary since 10 August 2015.

Other than the above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Universal Biosecurity Limited
Directors' declaration
30 June 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Bryant McLarty
Director

4 February 2021
Perth

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
UNIVERSAL BIOSECURITY LIMITED

Opinion

We have audited the financial report of Universal Biosecurity Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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 are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the Company incurred a loss of $480,823 and had net cash outflow from operating activities of $278,976 for the year ended 30 June 2018. As at that date, the Company's current liabilities exceeded its current assets by $32,526 and had net liabilities of $32,526. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company'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 Company's annual report for the year ended 30 June 2018 but does not include the financial report and the 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company 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 this 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: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 4 February 2021

TUTU PHONG
Partner