4Dx Limited
ABN 31 161 684 831

General purpose financial report
for the year ended 30 June 2018

Contents

Directors' report

Your directors submit their report on the consolidated entity (referred to hereafter as the "Group") consisting of 4Dx Limited (the "Company") and its controlled entities for the financial year ended 30 June 2018.

Directors

The names of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Andreas Fouras	
Heath Lee	
Robert Figlin	
Julian Sutton	(Appointed: 15 September 2017)
Lusia Guthrie	(Appointed: 13 December 2017)
John Livingston	(Appointed: 7 March 2018)
Steven Peuschel	(Ceased: 7 November 2017)

Names, qualifications, experience and special responsibilities

Andreas Fouras (Director)

MAICD, Member, Australian Institute of Company Directors
PhD - Monash University
Master of Engineering Science (Research) - Monash University
Bachelor of Engineering (Mechanical) - University of Queensland
Australian Davos Connection Australian Leadership Award 2013

Special responsibilities: Due Diligence Committee Member, Finance Committee Member, Investment Committee Member, Regulatory and Quality Committee Member

Dr Andreas Fouras is the founder, Chairman and Chief Executive Officer of 4Dx Limited.

Completing a Masters and PhD, and then rapidly rising to the position of Professor and director of the Laboratory for Dynamic Imaging, Andreas was recognised by various accolades from a wide range of premier research bodies including the National Health and Medical Research Council and the American Asthma Foundation.

Andreas conceived and developed the 4DxV technology during his time as a researcher at Monash University and founded 4Dx in December 2012 from a desire for his work to reach and positively influence as many people globally as possible.

A recognised leader, as evidenced by an Australian Davos Connection Australian Leadership Award (2013), Andreas is now dedicated to applying his business acumen, drive and innovation to the commercialisation of 4Dx technologies.

Directors' report (continued)

Directors (continued)

Heath Lee (Director)

GAICD, Graduate Member - Australian Institute of Company Directors
F Fin, Fellow - Financial Services Institute of Australasia (FINSIA)
Graduate Diploma of Applied Finance - Financial Services Institute of Australasia (FINSIA)
Chartered Accountant - Institute of Chartered Accountants Australia
Bachelor of Economics (Accounting Major) - Monash University

Special responsibilities: Finance Committee Chair

Heath brings significant business acumen to 4Dx. Heath gained his Chartered Accountant qualification working with KPMG before moving into investment banking with BZW (Barclays Investment Bank) which was later acquired by ABN AMRO. As a merger and acquisition professional Heath advised the Federal Government of Australia on the $4 billion Phase 1 & 2 privatisation of Australia’s airports and CSR on its $6.7 billion demerger of Rinker Materials. With extensive experience advising companies in relation to trade sales, mergers & acquisitions and company strategy, Heath left ABN AMRO to launch his own business. Over a period of 9 years, as founder and CEO, Heath built OCIS from a startup contact centre and market research company with 10 staff in Melbourne to a business operating in Australia, New Zealand and Fiji with 637 staff servicing clients such as Optus, The Nielsen Company, Seek.com, Virgin Mobile and the New Zealand Government before the business was sold in 2013.

Robert Figlin (Director)

FACP, Fellow - American College of Physicians (ACP)
MD, Doctor of Medicine - Medical College of Pennsylvania

Robert A. Figlin, MD, FACP, is the Steven Spielberg Family Chair in Hematology-Oncology, Professor of Medicine and Biomedical Sciences, Director of the Division of Hematology-Oncology, Deputy Director of the Samuel Oschin Comprehensive Cancer Institute and Deputy Director, Integrated Oncology at Cedars-Sinai Medical Center in Los Angeles, California. Dr. Figlin received his medical degree from the Medical College of Pennsylvania. He completed his residency and chief residency in internal medicine at Cedars-Sinai Medical Center and a fellowship in hematology/oncology at the David Geffen School of Medicine at UCLA. He is an Emeritus Professor of Medicine and Urology at the David Geffen School of Medicine at UCLA.

A nationally recognised leader in genitourinary and thoracic oncology in the United States, Dr. Figlin brings a wealth of clinical knowledge and medical expertise, critical to 4Dx's commercial success globally.

Dr. Figlin serves as Editor for Kidney Cancer Journal, and his studies have appeared in Clinical Cancer Research, Journal of Clinical Oncology, New England Journal of Medicine, Lancet, JNCI, Lancet Oncology, and Journal of Urology, among others. He has authored over 350 peer reviewed articles, more than 70 book chapters, and has published as Editor, multiple books on kidney cancer. He is the Editor of the Springer Science book entitled, Renal Cell Carcinoma: Translational Biology, Personalized Medicine, and Novel Therapeutic Targets.

Directors' report (continued)

Directors (continued)

Julian Sutton (Non-executive Director)

CFA, Charterholder - Chartered Financial Analyst Institute
Bachelor of Science (Mathematics) - Monash University

Special responsibilities: Investment Committee Chair, Due Diligence Committee Member, People and Remuneration Committee Member

Julian started his career in 1995 as an actuarial analyst for Towers Perrin in Melbourne where he consulted to some of Australia's largest superannuation funds. He later transferred with Towers Perrin to Brussels and then London, where he worked predominantly in an asset consulting capacity. In 2002, Julian joined Credit Suisse Asset Management in London as an assistant portfolio manager in their Multi-Manager team. Driven by strong performance, the team grew assets under management ten-fold from GBP50 million to GBP500 million over the following two years. In 2004, Julian joined Schroders Investment Management as a Senior Portfolio Manager in the Multi-Asset team, responsible for the management of a suite of investment funds with assets under management in excess of USD1 billion. These funds were invested on a global basis and had exposure to a broad range of asset classes including private equity, hedge funds, property, commodities, equities, bonds and cash. After seven years with Schroders, Julian returned to Australia with entrepreneurial ambitions. Julian established a sales and marketing business that helps best-in-class international fund management companies establish a presence in the Australian and New Zealand market. Currently, in partnership with Copia Investment Partners, Julian is responsible for the sales and marketing function of Odey Asset Management in the region.

Lusia Guthrie (Non-executive Director)

MAICD, Member - Australian Institute of Company Directors
Master of Science (Science and Technology Commercialisation) - University of Adelaide and University of Texas, Austin, USA
Bachelor of Applied Science (Medical Technology) - University of South Australia

Special responsibilities: Regulatory and Quality Committee Chair

With over 35 years in the pharmaceutical and bioscience industries, Lusia Guthrie is an experienced executive and medtech entrepreneur, with strong leadership skills and international industry networks. She started her career as a Medical Laboratory Scientist before joining the Manufacturing Division of pharmaceutical company FH Faulding & Co where she attained the position of Director of Operations. Lusia then went on to co-found medical technology innovation company LBT Innovations Limited (ASX:LBT) where she served as Chief Executive Officer and Managing Director until 2016.

Lusia has a passion and proven track record in bringing innovative products to global markets, embracing the entire process from company formation, capital raising and concept development to product launch. She has particular experience and ongoing interest in the development and commercialisation of new healthcare products that embrace automation, robotics, machine learning and artificial intelligence.

Current board and committee roles:

- Chairman, Clever Culture Systems AG (Zurich)
- Non-executive Director, 4Dx Limited
- Deputy Chair, BioMelbourne Network
- Director, ANDHealth
- Chair, Advisory Committee - Medicines Manufacturing Innovation Centre, Monash University (MMIC)
- Member, Advisory Board - Australian Regenerative Medicine Institute (ARMI)

Lusia previously served on the Manufacturing Consultative Committee for the State Government of South Australia and was a Member of the Future Manufacturing Industry Innovation Council for the Commonwealth Department of Industry, Innovation, Science and Research.

Directors' report (continued)

Directors (continued)

John Livingston (Director)

GAICD, Graduate Member - Australian Institute of Company Directors
Bachelor of Applied Science (Medical Radiations) - RMIT
Graduate Diploma of Health Science (Health Education) - University of Ballarat
Graduate Certificate in Business Administration - Deakin

Special responsibilities: People and Remuneration Committee Chair

John Livingston was a founding partner of Lake Imaging, subsequently becoming part of Integral Diagnostics Ltd where John was CEO and Managing Director. John has a special interest in radiology efficiency and the enhancement of Radiological experiences. He is considered an industry leader in the implementation of PACS and RIS in a radiology setting. John was awarded the AGFA International award for Development of Digital Imaging Solutions in 2005.

He has lectured in Australia and abroad on the digital radiology environment, as well as business strategies and systems within the commercial sector. John has considerable commercial experience, having worked with the team at Lake Imaging and later Integral Diagnostics through acquisitions and the establishment of Greenfield facilities across Australia. During his career at Integral Diagnostics, John lead the group through Private Equity investment with Advent Partners in 2014 and in 2015 John worked with Advent to list Integral Diagnostics on the Australian Stock Exchange.

John is a former director of VicWest Community Telco and United Way; a current director at Comrad Medical Systems and Ballarat Clarendon College (Chair); a member of The Australian Institute of Radiography and a graduate member of the AICD.

The Late Steven Peuschel (Director)

OAM, Medal of the Order of Australia
Rotary International Paul Harris Fellow 2006

Special responsibilities: Investment Committee Member

It is with great sadness that the board of directors report the passing of our friend and colleague, Mr. Steven Peuschel OAM. Steven passed away on 7 November 2017 after a short but brave battle with late-stage cancer. Steven made invaluable contributions as director of the Company, and his tenacity and passion will be sorely missed and remembered with great fondness.

Steven's professional career represented over 20 years of experience identifying and coordinating innovative change and education for patients and physicians to improve global lung health outcomes.

Through his personal experiences and passion, Steven dedicated much of his life to the health sector, helping to raise awareness and understanding of chronic diseases, while promoting new developments in medical technology and personally driving fundraising activities for as many associated charitable organisations as possible. Steven successfully mobilised financial support for significant healthcare initiatives including the development of the DCD Clinical Lung Transplant Service and the funding models for the Paediatric Lung Transplant Program at Melbourne's Alfred Hospital.

Steven was an experienced executive in his own right, having worked as executive officer for numerous organisations in related health industries. Steven brought extensive management, leadership and strategic experience from the founding and operation of commercial enterprises, which he excelled at through his strong professional relationships with key stakeholders across health, corporate, government and consumer spaces.

Directors' report (continued)

Company Secretary

The names and details of the Group's secretaries in office during the financial year ended 30 June 2018 and until the date of this report are as follows. Secretaries were in office for this entire period.

Charlene Stahr
Andreas Fouras (Secretary of 4Dx Limited's wholly owned US subsidiary, 4Dx, Inc.)

Charlene Stahr (Company secretary)

MAICD, Member - Australian Institute of Company Directors
GIA(Cert), Certificated Member - Governance Institute of Australia
Master of Engineering Science (Research) - Monash University
Bachelor of Engineering (Mechanical) - Monash University
Bachelor of Technology (Aerospace) - Monash University

Special responsibilities: Public Officer, Due Diligence Committee Chair, Finance Committee Member

Charlene has 10 years' experience in the engineering and biomedical research sectors, where she has developed strong technical and business skills across corporate administration, finance and accounting, risk management, regulatory affairs, and grant writing. Her 7 years at Monash University saw core involvement in international research programs and technology development, leading to publication of her own research and patented IP. Charlene has extensive experience in administration management and auditing, with a strong focus on compliance and governance, previously holding a number of official roles at the University. Charlene holds a Master of Engineering Science (Research), with her thesis demonstrating the application of 4DxV's precursor preclinical research technology to a lung disease model. She is currently undertaking a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

Dividends

No dividends have been paid or declared since the end of the previous financial year, nor do the directors recommend the declaration of a dividend.

Principal activities

The principal activities of the Group during the financial year ended 30 June 2018 were medical research technology and development of lung function analysis using four dimensional imaging. The technology combines X-ray imaging and advanced visualisation to generate high-resolution images of motion and airflow in lung tissues. The intention is to enable medical professionals to view and measure abnormal function in lung regions at the earliest clinical stages of disease.

There have been no significant changes in the nature of these activities during the year.

Operating and financial review

4Dx Limited is a software technology company founded to create a step change in the capacity of physicians to diagnose and manage patients with diseases of the lung.

The net loss after tax of the Group for year ended 30 June 2018 was $3,936,980 (2017: $3,973,937).

This result is in line with the plan and reflects 4Dx Limited's continued investment in the development of the 4Dx patented imaging technology '4DxV', and the associated pipeline of Software-as-a-Service (SaaS) products.

4Dx Limited aims to validate its software products through clinical studies and obtain US Food and Drug Administration (FDA) clearance. Increased expenditure is resultant from an increase in staff numbers during this period, increased consulting costs associated with quality and regulatory affairs, and an increased investment in go-to-market activities.

Directors' report (continued)

Operating and financial review (continued)

In July 2017, the FDA responded with a Request for Additional Information regarding 4Dx Limited's May 2017 510(k) submission for its radiotherapy monitoring software product (RTx). After consultation with the FDA and regulatory consultants, and in consideration of the much smaller market opportunity for RTx (estimated to be 5% or less than that of the respiratory diagnostics market), 4Dx Limited chose to withdraw this application in August 2017, to focus available resources in gaining clearance for 4DxV's core product, streamlining 4DxV's path to market. 4Dx Limited has commenced an open dialogue with the FDA regarding 4DxV's development, formally entering the FDA Pre-Submission Program in January 2018. 4Dx Limited attended a productive 510(k) pre-submission meeting with the FDA in Maryland on 15 March 2018. The meeting provided 4Dx Limited with valuable feedback regarding the planned pipeline for regulatory clearance. Technical work is well underway for the scheduled submission of the first 4DxV 510(k) to the FDA.

The main market for 4DxV lies within respiratory diagnostics (designated as RDx). RDx products provide detailed regional measurements of lung function - a key unmet need in this multi-billion-dollar industry. The RDx products are designed to be fully compatible with existing hospital equipment and will be delivered through a SaaS business model enabling 4Dx Limited to deliver its technology at low cost and scale quickly to meet projected demand.

Additionally, 4Dx Limited established a Regulatory and Quality Committee in December 2017 whose purpose is to design, commission and generate the clinical evidence required to support both our regulatory strategy and clinical engagement strategy, as well as re-establishing a People and Remuneration Committee in May 2018 to promote and administer good governance practices regarding the Board on matters relating to the remuneration of the Board and senior management, and to provide guidance and oversight of 4Dx Limited's Employee Equity Plan.

In parallel with its regulatory efforts, 4Dx Limited is continuing to build revenue opportunities, particularly in business to business market sectors where regulatory clearance is not required. Further to this, 4Dx Limited has continued to develop hardware product lines to support accelerated validation of the 4DxV software platform. The strategy for all hardware products is to enable commercial hardware production to be outsourced or licensed to contract manufacturers allowing management to remain focused on the execution and delivery to market of the core software products.

In the short term, the hardware pipeline includes a small animal ventilator and a pre-clinical scanner that evolved from research and development (R&D) activities. Over this period, 4Dx Limited completed construction of the first pre-clinical scanner unit in August 2017. The unit underwent significant testing in Australia, before import into the USA in late January 2018, where the unit underwent compliance testing in Houston, before delivery to Cedars-Sinai Medical Center in Los Angeles, where it will support R&D activities within the hospital. The unit was commissioned in August 2018. The scanner was manufactured through a $1 million Victorian Government Future Industries Fund Sector Growth Program award, under a Consortium Agreement with Hydrix Services Pty Ltd and Monash University, to facilitate a production line for pre-clinical scanner manufacturing. 4Dx Limited received an order for another pre-clinical scanner from Cleveland Clinic in July 2018. Its manufacture is now in progress with a scheduled completion date in late 2018. Interest for a third pre-clinical scanner has been expressed from an independent Australian health and medical research institute.

The hardware pipeline in the long term includes a human scanner. Further, 4Dx Limited is considering the development of an equine scanner product line due to strong interest from the sector. This initiative delivered significant media coverage in December 2017.

After meeting a funding threshold in the Technology Licence Agreement between Monash University and 4Dx Limited, key Intellectual Property (IP) relating to the 4DxV technology was assigned to 4Dx Limited via a Deed of Assignment of Intellectual Property, executed on 1 September 2017. The IP was developed by Andreas Fouras and colleagues while working at Monash University, and was licensed by 4Dx Limited from Monash University. The assigned IP includes nine granted patents and eight patent applications across jurisdictions such as the United States of America, Europe, Australia, Japan, Singapore, Canada, India and New Zealand. 4Dx Limited has since amended the patents and patent applications to list 4Dx Limited as the patentee/applicant.

Directors' report (continued)

Operating and financial review (continued)

4Dx Limited commenced a $4,995,000 Series B fundraising round, at an offer price of $0.37 per share, which included lodging an Offer Information Statement disclosure document with the Australian Securities and Investments Commission on 20 October 2017 to raise part of the round from the Australian general public. The Offer Information Statement was officially closed on 29 June 2018, after raising over $1 million in investment funds through the disclosure document, well above the written target of $499,500. Due to both ongoing operational resourcing requirements, as well as interest from numerous potential investors including high-net-worth individuals and private equity firms, the board in March 2018 extended the Series B offer period and increased the target raise to a total of $10 million. As at the date of this report, fundraising efforts are continuing through due diligence processes with a number of key Australian and international entities.

Significant efforts to mature the board were made during the period, including the appointment of new directors and the constitution of several board committees to perform specific functions. Non-executive directors Julian Sutton, Lusia Guthrie and John Livingston were appointed in September, December, and March respectively. Julian was also appointed to chair the newly formed Investment Committee, Lusia to chair the newly formed Regulatory and Quality Committee and John to chair the newly formed People and Remuneration Committee. Julian’s focus is fundraising, Lusia is instrumental in assisting 4Dx with its regulatory clearance program, and John provides valuable expertise regarding radiology efficiency, provision of radiology services, and executive management. Sadly, executive director Steven Peuschel passed away on 7 November 2017 after battling Stage 4 cancer. Future plans for the board will likely see an additional director appointment in the next year. Furthermore, an Advisory Board was established in October 2017 to provide guidance regarding business, market and industry trends, clinical and commercial value of 4Dx Limited’s products, commercialisation activities and exploration of new business ideas.

Conversations with potential hospital collaborations, partnerships and customers are increasing, and a formal opportunity pipeline has been developed to track the progress and manage onboarding, with the expectation of growing the current collaborators from 3 to 10 by the end of 2018, subject to available resources to progress projects.

In March 2018, 4Dx Limited relocated to larger office premises in Melbourne at 468 St Kilda Road, to accommodate operational expansion.

The Company's wholly owned U.S. subsidiary, 4Dx Inc. commenced operations on 1 July 2017 at its Westlake Village office, Los Angeles, California. 4Dx Inc. operates under a Service Agreement with the Company.

In June 2018, 4Dx Limited received a loan from Mitchell Asset Management Pty Ltd. This loan represented an early receipt of the estimated research and development tax refund.

Significant changes in the state of affairs

In December 2017, the Company implemented a Salary Sacrifice Offer under its existing Employee Equity Plan. The Salary Sacrifice Offer provides eligible employees with an opportunity to build their shareholding in the Company in a tax effective manner by electing to sacrifice an amount or percentage of their pre-tax salary in return for a grant of Rights to the equivalent value. Similarly, in May 2018 the Company implemented a Fee Sacrifice Offer under its existing Employee Equity Plan to allow eligible directors to sacrifice up to 100% of their director’s salary and ancillary director’s fees. The Salary Sacrifice Offer and Fee Sacrifice Offer further benefits the Company through the preservation of cash, and by aligning the employees’ and directors’ interests with the interests of Shareholders. The Company granted Rights under the Salary Sacrifice Offer to eligible participants in January 2018, and granted Rights under the Fee Sacrifice Offer to eligible participants in June 2018. The Company intends to continue the Salary Sacrifice Offer and Fee Sacrifice Offer as ongoing programs.

The Company’s Series B fundraising round, has attracted numerous investment applications after the reporting period. Acceptance of over-subscriptions are subject to approval by the board.

There have been no other significant changes in the state of affairs of the Group during the financial year ended 30 June 2018.

Directors' report (continued)

Significant events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Likely developments and expected results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental regulation and performance

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Share options

For the financial year ended 30 June 2018, 1,222,157 (2017: 17,389,162) options to acquire, and 2,130,788 (2017: 547,723) rights to purchase shares in the Company have been granted to eligible employees of the Company. No shares have been issued during the financial year or since the end thereof by virtue of the exercise of any options or rights. There are 18,984,887 and 3,668,767 unissued shares under options and rights, respectively, at the date of this report (2017: 17,389,162 and 547,723). These disclosures do not include any options that have lapsed.

Unissued shares of 4Dx Limited under option granted during the year and up to the date of this report:

Date options granted	Expiry date	Issue price of shares $	Number under option
1 October 2017	30 June 2027	0.37	22,157
15 December 2017	15 December 2027	0.37	1,200,000
1 July 2018	1 July 2028	0.37	373,568
			1,595,725

Included in these options were options granted as remuneration to the following directors during the year:

30 June 2018

Name of director	Date granted	Issue price of shares	No of options granted
Steven Peuschel	15 December 2017	$0.37	1,200,000

Indemnification and insurance of directors and officers

No indemnities have been given or paid during, or since the end of the financial period for any person who is, or has been an officer of the Group. Key person insurance has been in place for the financial year ended 30 June 2018 for an officer of the Company.

Directors' report (continued)

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year ended 30 June 2018 and the number of meetings attended by each director were as follows:

	Board meetings		Finance		Due Diligence		Investment		People & Remuneration	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Andreas Fouras	6	6	11	10	3	3	3	3	-	-
Heath Lee	6	6	11	9	-	-	-	-	-	-
Robert Figlin	6	4	-	-	-	-	-	-	-	-
Julian Sutton	6	6	-	-	3	3	2	2	1	1
Lusia Guthrie	4	4	-	-	-	-	-	-	-	-
Steven Peuschel	2	1	-	-	-	-	1	1	-	-
John Livingston	3	3	-	-	-	-	-	-	1	1

Auditor's independence

The directors have received a declaration from the auditor of 4Dx Limited. This has been included on page 10.

Signed in accordance with a resolution of the directors.

Andreas Fouras
Director
26 September 2018

Auditor's Independence Declaration to the Directors of 4Dx Limited

In relation to our audit of the financial report of 4Dx Limited for the financial year ended 30 June 2018 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

PKF
Melbourne, 26 September 2018

Steven Bradby
Partner

PKF Melbourne
Audit & Assurance Pty Ltd
ABN 75 600 749 184

Melbourne

Level 12, 440 Collins Street
Melbourne VIC 3000 Australia

p +61 3 9679 2222
f +61 3 9679 2288

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2018

	Notes	2018 $	2017 $
Revenue	4.1	1,382,053	681,858
Cost of sales		(1,030,918)	(676)
Gross income		**351,135**	**681,182**
Other income	4.2	660,845	14,940
Employee benefits expense	4.3	(2,608,851)	(2,806,224)
Depreciation and amortisation expense	4.4	(164,234)	(126,491)
Foreign currency (losses)/gains		(2,059)	10,091
Other expenses	4.5	(2,158,816)	(1,747,435)
Finance costs	4.6	(15,000)	-
Loss before income tax		**(3,936,980)**	**(3,973,937)**
Income tax expense	5	-	-
Loss for the year		**(3,936,980)**	**(3,973,937)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(3,936,980)**	**(3,973,937)**

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

Consolidated statement of financial position

As at 30 June 2018

	Notes	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	6	1,662,696	1,153,615
Trade and other receivables	7	213,416	275,867
Inventories	8	22,800	700,688
Research and development tax incentive receivable		1,115,838	1,020,745
Prepayments		37,500	-
Total current assets		3,052,250	3,150,915
Non-current assets			
Trade and other receivables	7	115,900	161,447
Property, plant and equipment	9	343,824	246,345
Intangible assets	10	1,940,513	1,387,244
Total non-current assets		2,400,237	1,795,036
Total assets		**5,452,487**	**4,945,951**
Liabilities and equity			
Current liabilities			
Trade and other payables	11	542,068	488,244
Loans and borrowings	12	1,000,000	-
Government grants	13	-	500,000
Deferred revenue	14	-	629,467
Employee benefit liabilities	15	127,802	76,039
Total current liabilities		1,669,870	1,693,750
Non-current liabilities			
Employee benefit liabilities	15	4,394	2,678
Total non-current liabilities		4,394	2,678
Total liabilities		**1,674,264**	**1,696,428**
Equity			
Issued capital	16	11,473,199	7,679,688
Other capital reserves	16	2,424,011	1,751,842
Accumulated losses		(10,118,987)	(6,182,007)
Total equity		**3,778,223**	**3,249,523**
Total equity and liabilities		**5,452,487**	**4,945,951**

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

Consolidated statement of changes in equity

For the year ended 30 June 2018

	Issued capital (Note 16)	Share-based payment reserve (Note 16)	Accumulated losses	Total equity
	$	$	$	$
At 1 July 2017	**7,679,688**	**1,751,842**	**(6,182,007)**	**3,249,523**
Loss for the year	-	-	(3,936,980)	(3,936,980)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(3,936,980)	(3,936,980)
Issue of share capital	3,793,511	-	-	3,793,511
Share-based payments (Note 18)	-	672,169	-	672,169
At 30 June 2018	**11,473,199**	**2,424,011**	**(10,118,987)**	**3,778,223**
At 1 July 2016	**3,731,255**	**-**	**(2,208,070)**	**1,523,185**
Loss for the year	-	-	(3,973,937)	(3,973,937)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(3,973,937)	(3,973,937)
Issue of share capital	3,948,433	-	-	3,948,433
Share-based payments (Note 18)	-	1,751,842	-	1,751,842
At 30 June 2017	**7,679,688**	**1,751,842**	**(6,182,007)**	**3,249,523**

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

Consolidated statement of cash flows

For the year ended 30 June 2018

	Note	2018 $	2017 $
Operating activities			
Grant and receipts from customers		1,017,440	866,973
Payments to suppliers and employees		(3,964,367)	(2,605,016)
Research costs		(871,156)	(875,802)
Research and development tax incentive		497,701	422,943
Interest received		6,115	3,171
Net GST (paid)/refund		(58,941)	29,367
Other tax paid		(5,509)	-
Net cash flows used in operating activities	6	**(3,378,717)**	**(2,158,364)**
Investing activities			
Purchase of property, plant and equipment		(157,570)	(203,280)
Purchase of intangibles		(68,787)	(142,297)
Research and development tax incentive		523,044	184,914
Capitalisation of development costs to intangible assets		(1,202,400)	(783,477)
Net cash flows used in investing activities		**(905,713)**	**(944,140)**
Financing activities			
Proceeds from issuance of shares		3,793,511	4,037,165
Proceeds from borrowings		1,000,000	-
Net cash flows from financing activities		**4,793,511**	**4,037,165**
Net increase in cash and cash equivalents		509,081	934,661
Cash and cash equivalents at the beginning of the year		1,153,615	218,954
Cash and cash equivalents at 30 June	6	**1,662,696**	**1,153,615**

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

Notes to the consolidated financial statements

For the year ended 30 June 2018

1. Corporate information

The consolidated financial statements of 4Dx Limited and its controlled entities (the "Group") for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on the date the directors' declaration was signed.

4Dx Limited (the "Company") is a for-profit company limited by shares incorporated in Australia. It is not a listed entity.

The registered office of business of the Company is RACV Tower, Level 11, 485 Bourke Street, Melbourne, Victoria, 3000.

The principal place of business of the Company is Level 5, 468 St. Kilda Road, Melbourne, Victoria, 3004.

The nature of the operations and principal activities of the Group are described in the directors' report.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars ($).

The consolidated financial statements provide comparative information in respect of the previous periods.

2.2 Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.3 Changes in accounting policies, new and amended standards and interpretations

(i) *Changes in accounting policies, new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year.

(ii) *Accounting Standards and Interpretations issued but not yet effective*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2018, outlined in the table below:

Reference	Title	Application date of standard*	Application date for Group*
AASB 15	*Revenue from Contracts with Customers*	1 January 2018	1 July 2018
AASB 16	*Leases*	1 January 2019	1 July 2019
AASB 2016-5	*Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	1 January 2018	1 July 2018

* Designates the beginning of the applicable annual reporting period

The Group is assessing the impact of these new standards and interpretations. A final assessment has not been made, however it is expected that they will not result in a significant change to the Group's accounting policies.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

2. Summary of significant accounting policies (continued)

2.4 Significant accounting policies

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year ended 30 June 2018 are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Group incurred an operating loss during the year ended 2018 of $3,936,980 (2017: $3,973,937) and as at that date the Group's current assets exceeded current liabilities by $1,382,380 (2017: $1,457,165).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

2. Summary of significant accounting policies (continued)

2.4 Significant accounting policies (continued)

b) Going concern (continued)

The Group has prepared forecasts for the next twelve months which demonstrates its ability to produce positive cash flows over that period and continue as a going concern. A key assumption in these forecasts is successful capital raising. The Group also has the ability to request additional support from existing shareholders if financial assistance is required to continue its operations and fulfil its financial obligations.

Accordingly, the directors have prepared this financial report on a going concern basis.

c) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

d) Foreign currencies

The Group's consolidated financial statements are presented in Australian dollars ($).

Transactions in foreign currencies are initially recorded by the Group at its respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

e) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise of cash at bank.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, as defined above.

f) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

2. Summary of significant accounting policies (continued)

2.4 Significant accounting policies (continued)

f) Trade and other receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

Receivables from related parties are recognised and carried at the nominal amount due.

g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

h) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

-	Furniture and fixtures	10 years
-	Workshop equipment	10 years
-	Computer equipment	4 years
-	Leasehold improvement	40 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i) Intangible assets

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

2. Summary of significant accounting policies (continued)

2.4 Significant accounting policies (continued)

i) Intangible assets (continued)

A summary of the policies applied to the Group's intangible assets is, as follows:

	Branding	Patents
Useful lives	Finite (40 years)	Finite (20 years)
Amortisation method used	Amortised on a straight-line basis over the period of the brand	Amortised on a straight-line basis over the period of the patent

Development costs

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in consolidated statement of profit or loss and other comprehensive income. During the period of development, the asset is tested for impairment when indicators of impairment are noted.

j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

k) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income as an expense.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

2. Summary of significant accounting policies (continued)

2.4 Significant accounting policies (continued)

l) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-60 days of recognition.

m) Provisions and employee benefit liabilities

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Wages, salaries and sick leave

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

Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

n) Loans and borrowings

Loans and borrowings are measured initially at fair value, net of directly attributable transaction costs.

Loans and borrowings are derecognised when the obligation under the loan or borrowing is discharged, cancelled, or expires.

o) Issued capital

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

p) Share-based payments

Employees and directors (including senior executives) of the Group receive part, if not all of their remuneration in the form of share-based payments, whereby employees and directors render services as consideration for equity instruments (equity-settled transactions). Employees and directors working in the business development group are granted share appreciation rights. It is the intention of the Group that the options will be equity settled (equity-settled transactions).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

2. Summary of significant accounting policies (continued)

2.4 Significant accounting policies (continued)

p) Share-based payments (continued)

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 18. Where it does not qualify for recognition as assets, the cost is recognised in employee benefits expense (Note 18), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions or the cost qualifies for recognition as assets.

No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

q) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

r) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

2. Summary of significant accounting policies (continued)

2.4 Significant accounting policies (continued)

r) Revenue recognition (continued)

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods and upon satisfaction of any agreed criteria.

Deferred Revenue

Amounts received from customers where revenue is yet to be recognised are recorded as deferred revenue until the appropriate revenue recognition criteria are met.

s) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable; or
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

t) Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

3. Significant accounting judgements, estimates and assumptions

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Development costs capitalised to intangible assets
The treatment of development costs depends on whether and when there is an identifiable asset that will generate expected future economic benefits.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use.

An intangible asset arising from the development phase of an internal project shall be recognised if, and only if, an entity can demonstrate all of the AASB 138 *Intangible Assets* requirements.

The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria. The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

4. Revenue and expenses

4.1 Revenue

	2018	2017
	$	$
Research and development tax incentive	592,794	679,933
Other revenue	789,259	1,925
Total revenue	**1,382,053**	**681,858**

4.2 Other income

	2018	2017
	$	$
Interest income	6,115	3,171
Other grant revenue	654,730	11,769
Total other income	**660,845**	**14,940**

4.3 Employee benefits expense

	2018	2017
	$	$
Wages and salaries	1,361,793	922,477
Other employee and directors' benefits expenses	593,193	452,178
Equity settled share-based payment (Note 18)	653,865	1,431,569
Total employee benefits expense	**2,608,851**	**2,806,224**

4.4 Depreciation and amortisation expense

	2018	2017
	$	$
Leasehold improvements	1,452	1,077
Furniture and fixtures	3,007	706
Workshop equipment	6,321	449
Computer equipment	49,311	35,643
Total depreciation expense	**60,091**	**37,875**
Other intangible assets	104,143	88,616
Total amortisation expense	**104,143**	**88,616**
Total depreciation and amortisation expense	**164,234**	**126,491**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

4. Revenue and expenses (continued)

4.5 Other expenses

	2018	2017
	$	$
Legal, professional and consultant expenses	922,740	936,705
Sales and marketing expenses	375,750	225,298
Occupancy and utilities expenses	276,224	154,001
Postage and couriers fees	5,493	6,673
Travel expenses	285,685	128,396
Computer expenses	69,896	64,508
Other	223,028	231,854
Total other expenses	**2,158,816**	**1,747,435**

4.6 Finance costs

	2018	2017
	$	$
Loan establishment fees	**15,000**	-

5. Income tax

5.1 Income tax expense

The major components of income tax expense for the years ended 30 June 2018 and 2017 are:

	2018	2017
	$	$
Current income tax charge:		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to the origination and reversal of temporary differences	-	-
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	**-**	**-**

5.2 Reconciliation between tax expense and the accounting loss multiplied by Australia's domestic tax rate for 2018 and 2017

	2018	2017
	$	$
Accounting loss before income tax	**(3,936,980)**	**(3,973,937)**
At Company's statutory income tax rate of 27.5% (2017: 27.5%)	(1,082,670)	(1,092,832)
Research costs (permanent differences)	249,521	111,785
Other losses not recognised	833,149	981,047
Aggregate income tax expense	**-**	**-**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

5. Income tax (continued)

Carry forward tax losses

As at 30 June 2018, the Group has carry forward tax losses of $3,793,845 (2017: $2,207,155) which may be utilised to reduce future net taxable income subject to satisfying one of the tax loss utilisation tests contained within the *Income Tax Assessment Act 1997*.

6. Cash and cash equivalents

	2018	2017
	$	$
Cash at bank	**1,662,696**	**1,153,615**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the above.

	2018	2017
	$	$
Cash flow reconciliation		
Reconciliation of net loss after tax to net cash flows from operations:		
Net loss for the year	(3,936,980)	(3,973,937)
Adjustments for:		
Depreciation and amortisation expense	164,234	126,491
Research and development tax incentive	(592,794)	(679,933)
Share-based payment expense	672,169	1,478,997
Unrealised foreign currency gains	(54,202)	-
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	107,998	(281,511)
Decrease/(increase) in inventories	677,888	(700,688)
(Increase) in other assets	(37,500)	-
Increase in trade and other payables	198,757	291,548
Increase in research and development tax incentive receivables	497,701	422,943
Increase in employee benefit liabilities	53,479	28,259
(Decrease)/increase in deferred revenue	(629,467)	629,467
(Decrease)/increase in government grants	(500,000)	500,000
Net cash flows used in operating activities	**(3,378,717)**	**(2,158,364)**

7. Trade and other receivables

	2018	2017
	$	$
Current		
Trade receivables	162,058	275,000
GST receivable	44,982	-
FBT receivable	6,376	867
	213,416	**275,867**
Non-current		
Other receivables	-	11,050
Deposits	-	34,497
Related party receivables (i)	115,900	115,900
	115,900	**161,447**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

7. Trade and other receivables (continued)

(i) Related party receivables

The related party receivables are interest free, limited recourse loans to employees to facilitate the purchase of shares in the Group and do not have a specific repayment date. Repayment of the principal sum will be funded through after tax distributions/dividends paid by the Group.

If at the time of sale, transfer, buy-back or disposal of the shares a principal sum remains outstanding, the maximum amount payable by the borrower is limited to the value of the shares or the value of the loan (whichever is lower at that date). As at 30 June 2018, the Group had not impaired any of these loans because the market value of each share at that time was greater than the issue price.

8. Inventories

	2018	2017
	$	$
Raw materials	22,800	24,434
Work in progress	-	676,254
Total inventories at the lower of cost and net realisable value	**22,800**	**700,688**

9. Property, plant and equipment

	Furniture and fixtures	Leasehold improvements	Workshop equipment	Computer equipment	Total
	$	$	$	$	$
Cost or valuation					
At 1 July 2016	3,135	-	1,576	92,541	97,252
Additions	13,732	56,658	37,602	95,288	203,280
At 30 June 2017	**16,867**	**56,658**	**39,178**	**187,829**	**300,532**
At 1 July 2017	16,867	56,658	39,178	187,829	300,532
Additions	47,073	5,382	32,034	73,081	157,570
At 30 June 2018	**63,940**	**62,040**	**71,212**	**260,910**	**458,102**
Depreciation					
At 1 July 2016	18	-	158	16,136	16,312
Depreciation charge for the year	706	1,077	449	35,643	37,875
At 30 June 2017	**724**	**1,077**	**607**	**51,779**	**54,187**
At 1 July 2017	724	1,077	607	51,779	54,187
Depreciation charge for the year	3,007	1,452	6,321	49,311	60,091
At 30 June 2018	**3,731**	**2,529**	**6,928**	**101,090**	**114,278**
Net book value					
At 30 June 2017	16,143	55,581	38,571	136,050	246,345
At 30 June 2018	60,209	59,511	64,284	159,820	343,824

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

10. Intangible assets

	Development costs	Other intangible assets	Total
	$	$	$
Cost			
At 1 July 2016	382,640	252,274	634,914
Additions	715,510	142,297	857,807
At 30 June 2017	**1,098,150**	**394,571**	**1,492,721**
At 1 July 2017	1,098,150	394,571	1,492,721
Additions	588,625	68,787	657,412
At 30 June 2018	**1,686,775**	**463,358**	**2,150,133**
Amortisation			
At 1 July 2016	-	16,861	16,861
Amortisation for the year	-	88,616	88,616
At 30 June 2017	**-**	**105,477**	**105,477**
At 1 July 2017	-	105,477	105,477
Amortisation for the year	-	104,143	104,143
At 30 June 2018	**-**	**209,620**	**209,620**
Net book value			
At 30 June 2017	1,098,150	289,094	1,387,244
At 30 June 2018	1,686,775	253,738	1,940,513

11. Trade and other payables

	2018	2017
	$	$
Current		
Trade payables	383,176	197,460
Other payables	92,892	236,825
GST payable	-	13,959
Capital holdings	66,000	40,000
	542,068	**488,244**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

12. Loans and borrowings

	2018	2017
	$	$
Current		
Loan from third party	**1,000,000**	**-**

Loan from third party

The loan represents an early receipt of the estimated research and development tax refund. The loan is unsecured and repayable in full on 31 October 2018. Interest is charged at a rate of 1.25% per month, with $37,500 being prepaid at 30 June 2018.

13. Government grants

	2018	2017
	$	$
At 1 July 2017	500,000	-
Received during the year	137,500	500,000
Released to the consolidated statement of profit or loss and other comprehensive income	(637,500)	-
At 30 June 2018	**-**	**500,000**
Current	-	500,000
Non-current	-	-

A $1million Victorian Government Future Industries Fund Sector Growth Program award was secured by 4Dx Limited, Hydrix Services Pty Ltd and Monash University (the Consortium) to facilitate a production line for pre-clinical scanner manufacturing. The grant is for the development and rapid manufacture of up to 5 4Dx pre-clinical scanners for sale and delivery to world leading institutions by the end of the two year project timeline.

The grant received from the Government is subject to milestone achievements. As at 30 June 2018, the first three of seven milestones have been completed in accordance with the project's scheduled timeline, including Milestone 3 - the delivery of pre-clinical scanner unit #1 during this reporting year, representative of the consortium having received 63% of the grant's total value. The remaining milestones need to be satisfied before additional funding will be granted. The Company is now progressing the manufacture of the next pre-clinical scanner unit against the next milestone.

As the grant relates to the build of scanners, the grant is initially reflected on the consolidated statement of financial position, and will be recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grant is intended to compensate.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

14. Deferred revenue

	2018	2017
	$	$
At 1 July 2017	629,467	-
Deferred during the year	-	629,467
Released to the consolidated statement of profit or loss and other comprehensive income	(629,467)	-
At 30 June 2018	**-**	**629,467**
Current	-	629,467
Non-current	-	-

The deferred revenue includes the upfront deposit received from Cedars-Senai Medical Center in relation to the sale of an animal scanner.

15. Employee benefit liabilities

	2018	2017
	$	$
Current		
Employee entitlements	**127,802**	**76,039**
Non-current		
Employee entitlements	**4,394**	**2,678**

16. Issued capital and reserves

	2018	2017
	$	$
Ordinary shares	**11,473,199**	**7,679,688**

16.1 Terms and conditions of ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

16. Issued capital and reserves (continued)

16.2 Movement in ordinary shares on issue

	No. of shares	*$*
As at 1 July 2016	**107,699**	**3,731,255**
44 Shares issued on 1 July 2016	44	13,501
32 Shares issued on 1 July 2016	32	10,728
236 Shares issued on 14 July 2016	236	73,750
304 Shares issued on 29 July 2016	304	95,000
132 Shares issued on 12 August 2016	132	41,250
496 Shares issued on 26 August 2016	496	155,000
1,184 Shares issued on 9 September 2016	1,184	370,000
144 Shares issued on 28 September 2016	144	45,000
100 Shares issued on 4 October 2016	100	-
16 Shares issued on 4 October 2016	16	5,000
800 Shares issued on 27 October 2016	800	250,000
Share split on 28 October 2016*	111,075,813	-
864,000 Shares issued on 15 November 2016	864,000	270,000
1,500,000 Shares cancelled on 22 November 2016	(1,500,000)	(150,000)
80,000 Shares issued on 29 November 2016	80,000	25,000
80,000 Shares issued on 29 November 2016	80,000	25,000
100,000 Shares issued on 29 November 2016	100,000	31,250
160,000 Shares issued on 29 November 2016	160,000	50,000
32,000 Shares issued on 29 November 2016	32,000	10,000
160,000 Shares issued on 7 December 2016	160,000	50,000
48,000 Shares issued on 7 December 2016	48,000	15,000
340,000 Shares issued on 7 December 2016	340,000	106,250
250,000 Shares issued on 13 December 2016	250,000	78,125
24,000 Shares issued on 13 December 2016	24,000	7,500
192,000 Shares issued on 13 December 2016	192,000	60,000
64,000 Shares issued on 13 December 2016	64,000	20,000
32,000 Shares issued on 13 December 2016	32,000	10,000
100,000 Shares issued on 13 December 2016	100,000	31,250
200,000 Shares issued on 20 December 2016	200,000	62,500
320,000 Shares issued on 20 December 2016	320,000	100,000
64,000 Shares issued on 12 January 2017	64,000	20,000
3,200 Shares issued on 10 March 2017	3,200	-
16,000 Shares issued on 10 March 2017	16,000	-
8,000 Shares issued on 10 March 2017	8,000	-
1,600 Shares issued on 10 March 2017	1,600	-
1,600 Shares issued on 10 March 2017	1,600	-
4,800 Shares issued on 10 March 2017	4,800	-
1,600 Shares issued on 10 March 2017	1,600	-
1,600 Shares issued on 10 March 2017	1,600	-
4,800 Shares issued on 10 March 2017	4,800	-
28,000 Shares issued on 10 March 2017	28,000	-
102,400 Shares issued on 10 March 2017	102,400	32,000
32,000 Shares issued on 10 March 2017	32,000	10,000
64,000 Shares issued on 10 March 2017	64,000	20,000
16,000 Shares issued on 10 March 2017	16,000	5,000
24,500 Shares issued on 10 March 2017	24,500	7,656
22,212 Shares issued on 10 March 2017	22,212	6,941
320,000 Shares issued on 10 March 2017	320,000	100,000
320,000 Shares issued on 10 March 2017	320,000	100,000

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

16. Issued capital and reserves (continued)

16.2 Movement in ordinary shares on issue (continued)

	No. of shares	$
140,000 Shares issued on 16 March 2017	140,000	51,800
55,000 Shares issued on 16 March 2017	55,000	20,350
270,270 Shares issued on 31 March 2017	270,270	100,000
21,159 Shares issued on 17 May 2017	21,159	6,612
160,000 Shares issued on 17 May 2017	160,000	50,000
70,000 Shares issued on 17 May 2017	70,000	25,900
400,000 Shares issued on 17 May 2017	400,000	148,000
65,000 Shares issued on 17 May 2017	65,000	24,050
100,000 Shares issued on 17 May 2017	100,000	37,000
136,000 Shares issued on 17 May 2017	136,000	50,320
100,000 Shares issued on 17 May 2017	100,000	37,000
150,000 Shares issued on 25 May 2017	150,000	55,500
540,541 Shares issued on 25 May 2017	540,541	200,000
54,054 Shares issued on 25 May 2017	54,054	20,000
400,000 Shares issued on 25 May 2017	400,000	148,000
275,000 Shares issued on 25 May 2017	275,000	101,750
135,135 Shares issued on 25 May 2017	135,135	50,000
75,676 Shares issued on 25 May 2017	75,676	28,000
100,000 Shares issued on 25 May 2017	100,000	37,000
135,000 Shares issued on 25 May 2017	135,000	49,950
108,108 Shares issued on 6 June 2017	108,108	40,000
1,250,000 Shares issued on 6 June 2017	1,250,000	462,500
13,513 Shares issued on 6 June 2017	13,513	5,000
100,000 Shares issued on 6 June 2017	100,000	37,000
At 30 June 2017	**118,623,768**	**7,679,688**

*On 28 October 2016, the Company effected a 1:1,000 share split on its ordinary shares.

	No. of shares	$
At 1 July 2017	**118,623,768**	**7,679,688**
13,513 Shares issued on 21 July 2017	13,513	5,000
42,640 Shares issued on 21 July 2017	42,640	13,325
31,554 Shares issued on 21 July 2017	31,554	11,675
162,163 Shares issued on 21 July 2017	162,163	60,000
108,109 Shares issued on 21 July 2017	108,109	40,000
1,000,000 Shares issued on 21 July 2017	1,000,000	370,000
100,000 Shares issued on 17 August 2017	100,000	37,000
108,200 Shares issued on 26 September 2017	108,200	40,036
540,541 Shares issued on 06 November 2017	540,541	200,000
27,028 Shares issued on 06 November 2017	27,028	10,000
27,028 Shares issued on 06 November 2017	27,028	10,000
140,000 Shares issued on 06 November 2017	140,000	51,800
675,676 Shares issued on 28 November 2017	675,676	250,000
210,000 Shares issued on 28 November 2017	210,000	77,700
540,541 Shares issued on 20 December 2017	540,541	200,000
94,594 Shares issued on 20 December 2017	94,594	35,000
67,568 Shares issued on 20 December 2017	67,568	25,000
300,000 Shares issued on 20 December 2017	300,000	111,000
1,351,351 Shares issued on 20 December 2017	1,351,351	500,000
5,405 Shares issued on 20 December 2017	5,405	-
5,405 Shares issued on 20 December 2017	5,405	-
580,000 Shares issued on 22 December 2017	580,000	214,600

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

16. Issued capital and reserves (continued)

16.2 Movement in ordinary shares on issue (continued)

	No. of shares	$
1,022,283 Shares issued on 22 December 2017	1,022,283	378,245
270,271 Shares issued on on 12 January 2018	270,271	100,000
26,987 Shares issued on on 12 January 2018	26,987	9,985
47,000 Shares issued on on 12 January 2018	47,000	17,390
100,000 Shares issued on on 12 January 2018	100,000	37,000
65,000 Shares issued on on 22 February 2018	65,000	24,050
270,270 Shares issued on on 22 February 2018	270,270	100,000
100,000 Shares issued on on 22 February 2018	100,000	37,000
277,027 Shares issued on on 22 February 2018	277,027	102,500
756,000 Shares issued on on 3 April 2018	756,000	279,720
13,514 Shares issued on on 3 April 2018	13,514	5,000
100,000 Shares issued on on 24 April 2018	100,000	37,000
200,000 Shares issued on on 24 April 2018	200,000	74,000
350,000 Shares issued on on 24 April 2018	350,000	129,500
20,000 Shares issued on on 24 April 2018	20,000	7,400
442,000 Shares issued on on 6 June 2018	442,000	163,540
40,000 Shares issued on on 6 June 2018	40,000	14,800
38,500 Shares issued on on 29 June 2018	38,500	14,245
At 30 June 2018	**128,893,936**	**11,473,199**

16.3 Reserves

	2018	2017
	$	$
Share-based payment reserve	**2,424,011**	**1,751,842**

	2018	2017
	$	$
Movement in the share-based payment reserve		
Balance at the beginning of the year	1,751,842	-
Share-based payments expense during the year	672,169	1,751,842
Balance at the end of the year	**2,424,011**	**1,751,842**

The share-based payment reserve is comprised of the value of the employee and director share plans that were granted during the year.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

17. Financial risk management objectives and principles

17.1 Risk exposures and responses

Interest rate risk

The Group constantly analyses its interest rate exposure.

The Group's exposure to market interest rates is immaterial.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Group's exposure to credit risk is immaterial.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through capital raising.

17.2 Fair value estimation

Trade and other receivables

Trade receivables are non-interest bearing and generally on 30 day terms. An allowance for doubtful debts is made where there is objective evidence that a trade receivable is impaired. Fair value approximates carrying amount due to their short-term nature.

Trade and other payables

Trade payables are non-interest bearing and are normally settled on 30 days terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

18. Share-based payments

Description of the Share-based payments arrangement

Some employees (including key management personnel) were granted options and/or rights under the 4Dx Limited Employee Equity Plan during the current financial year. During the year, the Group had the following share-based payment arrangements, which are described below:

2017 Options USA offer
Date of grant: 1 October 2017
Number granted: 22,157
Vesting conditions: 50% on 1 July 2018 and 50% on 30 June 2019

2017 Options offer
Date of grant: 15 December 2017
Number granted: 1,200,000
Vesting conditions: 50% on 1 July 2018 and 50% on 1 July 2019

2018 Special rights award
Date of grant: 15 December 2017
Number granted: 527,026
Vesting conditions: 50% on 1 July 2018 and 50% on 1 July 2019

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

18. Share-based payments (continued)

Description of the Share-based payments arrangement (continued)

2018 Rights award
Date of grant: 15 December 2017
Number granted: 637,859
Vesting conditions: 50% on 1 July 2018 and 50% on 1 July 2019

2018 Salary sacrifice offer
Date of grant: 1 January 2018
Number granted: 455,131
Vesting conditions: 50% on 1 July 2018 and 50% on 1 January 2019

2018A Salary sacrifice offer
Date of grant: 8 March 2018
Number granted: 62,972
Vesting conditions: 50% on 1 July 2018 and 50% on 1 January 2019

2019 Fee Sacrifice Offer
Date of grant: 1 June 2018
Number granted: 447,800
Vesting conditions: 100% on 1 July 2019

Movements during the year

The cost recognised for employee and directors' services received during the year and remunerated by equity-settled share based payment transactions is shown in the following table:

	2018 $	2017 $
Recognised in employee and directors' benefits expense	653,865	1,431,569
Recognised in cost of inventories	2,889	47,428
Recognised in the cost of capitalised development costs	15,415	272,845
Total expense arising from share-based payment transactions	**672,169**	**1,751,842**

The following table illustrates the number of, and movements in, share options during the year:

	2018 Number	2017 Number
2018		
Outstanding at 1 July 2017	17,389,162	-
Granted during the year	1,514,936	17,389,162
Forfeited during the year	(292,779)	-
Outstanding at 30 June 2018	**18,611,319**	**17,389,162**
Exercisable at 30 June 2018	-	-

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 was 9.32 years (2017: 8.97).

The weighted average fair value of options granted during the year was $0.1312 (2017: $0.1211).

The range of exercise prices for options outstanding at the end of the year was $0.55 to $1.20 (2017: $0.46875 to $1.20).

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

18. Share-based payments (continued)

Movements during the year (continued)

The following tables list the inputs to the models used for the plans for the year ended in 30 June 2018 and 30 June 2017 respectively:

2018

Option plans
Weighted average fair values at the measurement ($): 0.16
Expected volatility (%): 55
Risk-free interest rate (%): 2.75
Expected life of share options (years): 6
Weighted average share price ($): 0.37
Model used: Black-Scholes

Fundraiser plans
Weighted average fair values at the measurement ($): 0.09
Expected volatility (%): 55
Risk-free interest rate (%): 2.75
Expected life of share options (years): 6
Weighted average share price ($): 0.37
Model used: Black-Scholes

Rights plans
Weighted average fair values at the measurement ($): 0.33
Weighted average share price ($): 0.37
Model used: Qualitative assessment

2017

Option plans
Weighted average fair values at the measurement ($): 0.14
Expected volatility (%): 55
Risk-free interest rate (%): 2.75
Expected life of share options (years): 7
Weighted average share price ($): 0.31
Model used: Black-Scholes

Fundraiser plans
Weighted average fair values at the measurement ($): 0.08
Expected volatility (%): 55
Risk-free interest rate (%): 2.75
Expected life of share options (years): 7
Weighted average share price ($): 0.31
Model used: Black-Scholes

Rights plans
Weighted average fair values at the measurement ($): 0.28
Weighted average share price ($): 0.31
Model used: Qualitative assessment

The expected life of the share options is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

19. Related party disclosures

The Group has both loans with employees and loans and/or transactions with entities where the directors of 4Dx Limited are also directors of the entity traded with. The following table provides the total amount of transactions entered into with related parties.

19.1 Transactions with related parties

	Consulting services from related parties	
	2018	**2017**
	$	**$**
Effective Marketing Group - Paul Cooke (Director)	**-**	**130,517**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2017: $Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

19.2 Compensation of key management personnel of the Group

The total compensations of key management personnel of the Group was $1,181,411 (2017: $2,089,235). In addition, the Group paid key person insurance for an officer of the Group of $2,039 during the year (2017: $1,909).

	2018	**2017**
	$	**$**
Key management personnel of the Group for each of the following categories:		
Short-term employee and directors' benefits	649,204	759,450
Post-employment benefits	11,538	48,554
Termination benefits	29,898	12,628
Share-based payments	490,771	1,268,603
	1,181,411	**2,089,235**

20. Commitments and contingencies

Operating lease commitments - Group as lessee

Future minimum rentals payable under non-cancellable operating leases as at 30 June are, as follows:

	2018	**2017**
	$	**$**
Within one year	129,789	72,696
Greater than 1 year but less than 5 years	519,156	-
Greater than 5 years	86,526	-
	735,471	**72,696**

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2018

21. Events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

22. Auditor's remuneration

The auditor of 4Dx Limited is PKF.

	2018	2017
	$	$
Amounts paid or payable to PKF:		
- An audit or review of the financial report of the entity	**24,650**	**22,000**

23. Information relating to 4Dx Limited (the Parent)

	2018	2017
	$	$
Current assets	2,907,868	3,096,298
Assets	5,365,748	4,945,951
Current liabilities	1,570,793	1,693,750
Liabilities	1,641,187	1,696,428
Issued capital	11,473,199	7,679,688
Other capital reserves	2,424,011	1,751,842
Retained earnings	(10,172,649)	(6,182,007)
	3,724,561	**3,249,523**
Loss for the year	(3,990,650)	(3,973,937)

The commitments and contingencies of the Parent are that of the Group, which are disclosed at Note 20.

Directors' declaration

In accordance with a resolution of the directors of 4Dx Limited, I state that:

In the opinion of the directors:

(a) the consolidated financial statements and notes of 4Dx Limited for the financial year ended 30 June 2018 are in accordance with the *Corporations Act 2001*, including:

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

 (ii) complying with Accounting Standards and the *Corporations Regulations 2001*;

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.2; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the board

Andreas Fouras
Director
26 September 2018

Independent Auditor's Report to the Members of 4Dx Limited

Opinion

We have audited the accompanying financial report of 4Dx Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

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

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report.

We are independent of the Company in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Uncertainty Relating to Going Concern

Without modifying our opinion, we draw attention to Note 2.4 b) in the financial report, which comments on the company's continuation as a going concern, drawing reference to the key assumption in achieving forecast cash flows of required success in raising additional capital. These conditions, along with the other matters set forth in Note 2.4 b), indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

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 Note 2.2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the Group's ability 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 cease operations, or have no realistic alternative but to do so.

PKF Melbourne
Audit & Assurance Pty Ltd
ABN 75 600 749 184

Melbourne

Level 12, 440 Collins Street
Melbourne VIC 3000 Australia

p +61 3 9679 2222
f +61 3 9679 2288

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit.

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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion on the financial report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

PKF
Melbourne, 26 September 2018

Steven Bradby
Partner

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Compilation Report to 4Dx Limited ("the Client")

We have compiled the accompanying general purpose financial report of 4Dx Limited, which comprises the consolidated statement of financial position as at 30 June 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2018, a summary of significant accounting policies and other explanatory notes. These have been prepared in accordance with the financial reporting framework described in Note 2 to the financial statements.

Directors' Responsibility for the Financial Report

The directors of 4Dx Limited are solely responsible for the information contained in the general purpose financial report and have determined that the financial reporting framework used is appropriate to meet their needs and for the purpose that the financial report was prepared.

Our Responsibility

On the basis of information provided by the directors we have compiled the accompanying special purpose financial report in accordance with the financial reporting framework and APES 315 *Compilation of Financial Information*.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the directors provided, in compiling the financial report. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The general purpose financial report was compiled exclusively for the benefit of the directors. We do not accept responsibility to any other person for the contents of the general purpose financial report.

Ernst & Young

Ernst & Young

Cleedon Botha
Partner
Melbourne

26 September 2018