Telix Pharmaceuticals Limited
Suite 401, 55 Flemington Road
North Melbourne, VIC, 3051
ABN: 85 616 620 369

Appendix 4E – Final Report

Financial year ended
31 December 2017

Results for announcement to the market

Current Reporting Period:	31 December 2017
Previous Reporting Period:	Not applicable. Company established 3 January 2017

Revenue and Net Profit

	Up/Down	% change	$
Revenue from continuing operations	N/A	N/A	-
Total income	N/A	N/A	151,617
Loss from ordinary activities after tax	N/A	N/A	(6,377,137)
Net Loss for the period	N/A	N/A	(6,377,137)

Dividends

No dividend was proposed or paid. The Company is not yet profitable and therefore there can be no assurance that the Company will become profitable or will pay dividends in the near future. Should any dividends be paid in the future, no assurances can be given as to the level of franking credits attaching to such dividends.

	2017
	$
Earnings/(Loss) Per Share	(0.0498)
Net tangible assets per share	0.39
Dividend per share	-

Brief explanation of income and profit (loss)

Telix Pharmaceuticals Limited is an Australian oncology company that is developing a pipeline of "molecularly targeted radiation", or "MTR", products for unmet needs in cancer care. The Company was established on 3 January 2017 as a public unlisted company and completed an $8.5m seed finding on 16 January 2017. The company completed an initial public offering (IPO) on the ASX during the period, raising $50.05m and listing on 15 November 2017.

Statement of accumulated losses	**2017**
Balance at the beginning of the year	-
Net loss attributable to members of the parent entity	(6,377,137)
Balance at end of the year	(6,377,137)

Audit Report

This Appendix 4E (Final Report) is based on the audited financial statements for the year ended 31 December 2017 which are attached.

TELIX
PHARMACEUTICALS

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Dear Shareholder,

On behalf of the Directors we are pleased to report to you the progress of Telix Pharmaceuticals Limited and its international subsidiaries.

Telix is an Australian oncology company that is developing targeted radiopharmaceuticals, also referred to as "molecularly targeted radiation" (MTR). MTR is a novel therapeutic strategy that selectively delivers radiation to cells that exhibit certain molecular profiles or "targets" that may be indicative of cancer. MTR may be of a diagnostic nature to facilitate medical imaging (to diagnose or stage a patient) or may be delivered as a therapeutic dose to treat a patient. The founders of Telix believe that radiopharmaceuticals have a much larger role to play in oncology both as diagnostic and therapeutic options.

Telix recently completed a successful initial public offering (15 November 2017) in order to develop an extensive pipeline of in-licensed, acquired and company-originated intellectual property (IP) focused on three major disease areas:

- TLX-250: for the diagnosis and treatment of renal (kidney) cancer, which is Telix's lead program;
- TLX-591: for the treatment of prostate cancer; and;
- TLX-101: for the treatment of glioblastoma (brain cancer).

Since the IPO, the company has initiated a significant number of manufacturing and clinical activities aimed at unlocking the clinical and commercial value of this pipeline. We are also growing a world-class product development, clinical and business development team, both in Australia and internationally, with the ability to deliver this unique technology to patients.

We thank you for your support during 2017 and we look forward to our continued journey to change cancer care in 2018.

Yours faithfully,

H Kevin McCann
Chairman

Christian P Behrenbruch
Managing Director and Chief Executive Officer

DIRECTORS' REPORT

Your Directors present their report of the Telix Pharmaceuticals Group for the financial period ended 31 December 2017. The Telix Pharmaceuticals Group ("Group") consists of Telix Pharmaceuticals Limited ("Telix Pharmaceuticals" or the "Company") and its wholly owned subsidiaries: Telix International Pty Ltd, Telix Pharmaceuticals (ANZ) Pty Ltd, Telix Pharmaceuticals (US) Inc., Telix Life Sciences (UK) Ltd, Telix Pharmaceuticals (Singapore) Pte Ltd, Telix Pharmaceuticals Holdings (Germany) GmbH, Therapeia GmbH & Co. KG, and Telix Pharmaceuticals (Germany) GmbH. The names and details of the Company's Directors in office during the financial period and until the date of this report are detailed below. Directors were in office for the entire period unless noted otherwise.

H Kevin McCann AM	Chairman
Christian Behrenbruch PhD	Managing Director and Chief Executive Officer
Andreas Kluge MD PhD	Executive Director and Chief Medical Officer
Oliver Buck	Non-Executive Director
Mark Nelson PhD	Non-Executive Director
Michael Cawley	Non-Executive Director (*3 January 2017 - 17 September 2017*)
Richard Zimmermann PhD	Non-Executive Director (*16 January 2017 - 17 September 2017*)

H Kevin McCann, AM BA LLB (Hons) LLM (Harvard) Life Fellow AICD

Appointed Non-Executive Director and Chairman, 17 September 2017

Mr Kevin McCann is Chairman of Citadel Group Limited (ASX: CGL) and the Sydney Harbour Federation Trust. He is a member of the Male Champions of Change, a Pro Chancellor and Fellow of the Senate of the University of Sydney, Co-Vice Chair of the New Colombo Plan Reference Group, a Director of the US Studies Centre, Director and member of the Advisory Board of Evans and Partners and Chair of the National Library of Australia Foundation. In the previous three years, Kevin has been Chairman of Macquarie Group Limited (ASX: MQG) and Macquarie Bank Limited (ASX: MBL) (resigning from these positions on 31 March 2016). Kevin is also a former director of Origin Energy Limited, Healthscope Limited and ING Management Limited. Kevin practiced as a Commercial Lawyer as a Partner of Allens Arthur Robinson from 1970 to 2004 and was Chairman of Partners from 1995 to 2004. Kevin has a Bachelor of Arts and Law (Honours) from Sydney University and a Master of Law from Harvard University. He was made a Member of the Order of Australia for services to the Law, Business and the Community in 2005 and is a Life Fellow of the Australian Institute of Company Directors.

Christian Behrenbruch, B.Eng (Hons) D.Phil (Oxon) MBA (TRIUM) JD (Melb) FIEAust GAICD

Appointed Executive Director, 3 January 2017

Dr Christian Behrenbruch has twenty years of healthcare entrepreneurship and executive leadership experience. He has previously served in a CEO or Executive Director capacity at Mirada Solutions, CTI Molecular Imaging (now Siemens Healthcare), Fibron Technologies and ImaginAb, Inc. He is a former Director of Momentum Biosciences LLC, Siemens Molecular Imaging Ltd, Radius Health Ltd (now Adaptix) and was the former Chairman of Cell Therapies Pty Ltd (a partnership with the Peter MacCallum Cancer Centre). Christian is currently a Director of Factor Therapeutics (ASX:FTT) and Amplia Therapeutics Pty Ltd. Christian is Chairman of the Monash Engineering and IT Foundation Board and is an Adjunct Professor at Monash University. Christian holds a D.Phil (PhD) in biomedical engineering from the University of Oxford, an executive MBA jointly awarded from New York University, HEC Paris and the London School of Economics (TRIUM Program) and a Juris Doctor (Law) from the University of Melbourne. He is a Fellow of Engineers Australia in the management and biomedical colleges and a Graduate of the Australian Institute of Company Directors.

Andreas Kluge, MD PhD

Appointed Executive Director, 3 January 2017

Dr Andreas Kluge has 20 years of clinical research and development experience, including as Founder, General Manager and Medical Director for ABX CRO, a full service CRO for Phase I-III biological, radiopharmaceutical and anticancer trials based in Dresden, Germany. He is also founder and was founding CEO of ABX GmbH (www.abx.de), one of the leading manufacturers of radiopharmaceutical precursors globally. Andreas is further founder, General Manager and Medical Director for Therapeia, an early-stage development company in the field of neuro-oncology which was acquired by Telix. Andreas has extensive experience in the practice of nuclear medicine and radiochemistry,

molecular imaging and the clinical development of novel radionuclide-based products and devices. He is the author of numerous patents and publications in the field of nuclear medicine, neurology, infection and immunology. Andreas is a registered physician and holds a doctorate in Medicine from the Free University of Berlin.

Mark Nelson, B.Sc (Hons) (Melb), M.Phil (Cantab), Ph.D (Melb)

Appointed Non-Executive Director, 17 September 2017

Dr Mark Nelson is Chairman and Co-Founder of the Caledonia Investments Group, and a Director of The Caledonia Foundation. He is Vice President of the Board of Trustees of the Art Gallery of New South Wales, Deputy Chairman of Art Exhibitions Australia, a Director of Kaldor Public Art Projects and serves as a Governor of the Florey Neurosciences Institute. Previously Mark was a Director of The Howard Florey Institute of Experimental Physiology and Medicine, and served on the Commercialisation Committee of the Florey Institute. Mark was educated at the University of Melbourne and University of Cambridge (UK).

Oliver Buck, Dipl. Phys. (Theoretical Biophysics, Technical University of Munich)

Appointed Non-Executive Director, 16 January 2017

Mr Oliver Buck is a bio-physicist who has spent his professional career in a variety of entrepreneurial and management positions in industrial companies. Oliver has served as founder and Managing Director of several companies in the fields of manufacturing, technology, demilitarisation, pharmaceuticals and information technologies. Oliver is the co-founder of ITM Isotopen Technologien München AG, one of the largest isotope manufacturing and distribution companies in the world, founded with Technical University of Munich. Since 2012, Oliver has acted as senior advisor to the CEO in a role that continues to support the ITM group as it has become a leader in next generation medical isotopes and theranostics. Oliver holds a graduate degree in theoretical physics from the Technical University of Munich and is an alumnus of the German National Academy for Security Policy and the "Young Leaders Program" of the Atlantik Brücke/American Council on Germany.

Michael Cawley

Appointed Non-Executive Director, 16 January 2017, retired from the Board 3 September 2017

Mr Michael Cawley has over 15 years of experience advising listed and unlisted corporations in relation to their capital requirements and has completed numerous initial public offerings, secondary placements, rights issues and capital management advisory assignments. Mr Cawley is a member of The Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce from The University of Western Australia.

Richard Zimmermann PhD

Appointed Non-Executive Director, 16 January 2017, retired from the Board 17 September 2017

Dr Richard Zimmermann is a chemistry engineer, PhD in Organic Chemistry (Strasbourg), who spent 15 years working in R&D with the conventional pharmaceutical industry first with Beecham (cardiology) then Solvay Pharma (immunology, gastroenterology) before joining in 1998 the radiopharmaceutical industry as R&D Director with CISbio international (Saclay). Richard was responsible for building the European PET/FDG manufacturing network for CIS/IBA and took the position of VP Business Development for IBA Molecular. In 2012, Richard established Chrysalium Consulting, which provides specialized consulting expertise in radiopharmaceutical development and industrialization. Richard is cofounder of MEDraysintell, President of the Oncidium foundation, a co-founder of Rad4med.be, and Chairman of two early-stage companies, Medisystem and ANMI.

DIRECTORS' INTERESTS IN THE SECURITIES OF TELIX PHARMACEUTICALS LIMITED

In accordance with section 300(11) of the Corporations Act 2001, the interests of the Directors in the shares and options of Telix Pharmaceuticals Limited, as at the date of this report were:

Number of:	Ordinary Shares	Options
C Behrenbruch	24,675,000	-
O Buck	1,057,500	495,000
A Kluge	24,675,000	-
K McCann	160,000	990,000
M Nelson	2,238,750	990,000

DIRECTORS' MEETINGS

The number of meetings of Directors and committees of Directors held in the period to 31 December 2017, and the number of meetings attended by each Director, is as follows:

	Board of Directors		Audit & Risk Management Committee		Nomination & Remuneration Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
K McCann	2	2	1	1	1	1
C Behrenbruch	10	10	-	-	-	-
A Kluge	10	10	-	-	-	-
O Buck	9	9	1	1	1	1
M Nelson	2	2	1	1	1	1
M Cawley	8	8	-	-	-	-
R Zimmermann	7	7	-	-	-	-

COMMITTEE MEMBERSHIP

At the date of this report the Company has the following Committees of the Board in place:

- Audit and Risk Management Committee, the members of which are independent Non-Executive Directors Dr Mark Nelson (Chair) and Mr Kevin McCann, as well as non-independent Non-Executive director, Mr Oliver Buck.
- Nomination and Remuneration Committee, the members of which are independent Non-Executive Directors Mr Kevin McCann (Chair) and Dr Mark Nelson, as well as non-independent Non-Executive director, Mr Oliver Buck.

PRINCIPAL ACTIVITIES OF THE COMPANY IN THE PERIOD UNDER REVIEW

Telix Pharmaceuticals Limited is an Australian oncology company that is developing a pipeline of "molecularly targeted radiation", or "MTR", products for unmet needs in cancer care. The Company was established on 3 January 2017 as a public unlisted company and completed an $8.5m seed funding on 16 January 2017. The company completed an initial public offering (IPO) on the Australian Securities Exchange on 15 November 2017.

The principal activities during the period were targeted to the establishment of the Company, building the intellectual property portfolio of the business via acquisition or licensing, launch of clinical programs and the IPO.

CORPORATE STRUCTURE

Telix Pharmaceuticals Limited is an entity incorporated and domiciled in Australia. Telix Pharmaceuticals Limited is listed on the Australian Securities Exchange with the code TLX (ASX:TLX). Telix has several wholly owned subsidiaries: Telix International Pty Ltd, Telix Pharmaceuticals (ANZ) Pty Ltd, Telix Pharmaceuticals (US) Inc., Telix Life Sciences (UK) Ltd, Telix Pharmaceuticals (Singapore) Pte Ltd, Telix Pharmaceuticals Holdings (Germany) GmbH, Therapeia GmbH & Co. KG, and Telix Pharmaceuticals (Germany) GmbH. These subsidiaries have been established in order optimally manage the Company's extensive intellectual property portfolio and to facilitate clinical and operational activities in the key territories in which the Company does business.

FINANCIAL RESULTS AND DIVIDENDS

As a clinical-stage development company, Telix Pharmaceuticals has recorded an operating loss for the period. Similar to other companies in the life sciences sector in which Telix operates, the Company's operations are subject to risks and uncertainty due primarily to the nature of drug and therapeutic development and commercialisation.

The loss after tax of the Group for the period ended 31 December 2017 was $6,377,115. A proportion of the loss totalling $360,089 was non-cash in nature and comprised the expensing of share options, depreciation and net foreign exchange differences. The loss attributable to the owners of the Company for the period was $6,377,115.

Total equity recorded at 31 December 2017 was $49,292,795. At 31 December 2017, the Group held total assets of $51,093,728 and net assets of $49,292,795. No dividend was recommended or paid during the period.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

From the Company's formation on 3 January 2017 up until 15 October 2017, the Company raised $8,500,150. Following Shareholder approval at the EGM held 13 October 2017 for a 47:1 share split, on 15 October 2017, the Company had 120,437,500 fully paid ordinary shares on issue. In Q4 2017, the Company completed an initial public offering (IPO) of Telix shares, with an IPO Prospectus dated 16 October 2017. The Company's IPO raised $50,050,000, and on 15 November 2017, the Company issued 77,000,000 shares upon Listing with the Australian Securities Exchange.

During the period ended 31 December 2017, no ordinary shares of Telix Pharmaceuticals Limited were issued on the exercise of share options granted. The total issued securities of the Company are as follows:

	At 31 December 2017	At the date of this Report
Ordinary shares	197,437,500	197,437,500
Share Options	6,624,000	6,624,000

PRODUCT PORTFOLIO UNDER DEVELOPMENT

1. TLX-250: diagnosis and treatment of renal (kidney) cancer

TLX-250 uses an antibody against a renal cancer target (carbonic anhydrase 9 (CA-IX)). The imaging application of TLX-250 has already completed a US Phase III trial (published 2013) and has previously received an SPA granted by the US FDA for a confirmatory Phase III trial. The therapeutic application of TLX-250 has completed a small academic Phase II study in Europe (published 2015) and the Company will conduct further clinical studies confirm efficacy. TLX-250 is the Company's lead program because the program is the closest to potential first revenue.

2. TLX-591: treatment of metastatic castrate-resistant prostate cancer

TLX-591 targets prostate specific membrane antigen (PSMA), an important and well-validated target in prostate cancer. TLX-591 is derived from an antibody called huJ591, which has been extensively clinically studied in numerous diagnostic and therapeutic MTR studies with a range of isotopes, including an academic Phase II study with 177Lu (published 2016). Telix has also partnered with ANMI SA to develop a companion imaging agent.

3. TLX-101: treatment of glioblastoma (brain cancer)

TLX-101 targets LAT-1, a promising target in numerous cancer settings, including glioblastoma. TLX-101 is a small molecule that rapidly crosses the blood-brain barrier. TLX-101 has been successfully evaluated as an imaging agent in over 100 cancer patients in the academic setting. However, a small pilot therapeutic study in 5 glioblastoma patients in Germany, conducted under compassionate use, also indicated considerable therapeutic potential.

REVIEW OF OPERATIONS

Telix Pharmaceuticals is an Australian oncology company that is developing a pipeline of "molecularly targeted radiation", or "MTR", products for unmet needs in cancer care. Telix Pharmaceuticals Limited is a public company limited by shares incorporated in Australia. Telix Pharmaceuticals' shares have been publicly traded on the Australian Securities Exchange since its listing on 15 November 2017 (ASX:TLX). The Group's Head Office is in Melbourne (Australia), and the Group has operations and/ or subsidiary offices in the UK, Singapore, Germany and Japan. At 31 December 2017, the Group had 9 FTE employees.

In the lead up to the IPO and Listing of the Company, Telix made progress across its product portfolio, including the in-licensing or acquisition of core intellectual property, such as patents and trademarks, as well as developing biological resources, cell lines, reagents and proprietary production processes, re-engineering the various programs, applying modern chemistry and biological process and demonstrating manufacturing enhancements required to up-scale the Portfolio programs for commercial use; preparing a complete set of clinical protocols for planned trials; and engaging in extensive business and commercial development activities.

Subsequent to Listing, in December 2017, the Company announced a manufacturing partnership with JFE Engineering Corporation (JFE), a company with extensive expertise in the installation of cyclotron infrastructure and radiopharmaceutical manufacturing in Japan, paving the way to, once approved, making the Group's products available to Japanese cancer patients and building on similar partnerships in the US, Europe and Australia that were established prior to the IPO.

Also in December 2017, the Company announced a collaboration with Memorial Sloan Kettering Cancer Center (MSK) which will see MSK use TLX-250 as a tool to better manage treatment of patients with metastatic clear cell renal cell cancer (ccRCC) by using TLX-250 imaging to assess early treatment response to standard care drugs. The clinical

objective of the TLX-250 program is to use imaging as a precision medicine tool to rapidly determine an optimal therapeutic strategy for patients, representing a significant opportunity to expand the potential clinical utility of TLX-250.

FORWARD STRATEGY AND OPERATIONAL TARGETS

Telix has been formed to develop and commercialise a series of MTR oncology assets that the Company believes have significant clinical and commercial potential, including partnering opportunities with leading radiation oncology and pharmaceutical companies.

Due to the data that is starting to emerge around MTR programs (including programs within the Group's portfolio), there has been a significant increase in "big pharma" attention in MTR over the past 24 months, demonstrated by several notable transactions such as the acquisition of Advanced Accelerator Applications (NASDAQ:AAAP) by Novartis. This, combined with notable maturation of the global supply chain for key radioactive isotopes, underlines the Group's belief that there is a unique window of opportunity to build a global leader in this field that can successfully address clinically and commercially important unmet needs in several important cancer treatment settings.

The Group is targeting five major product development milestones over the 24 month period to 31 December 2019. Subject to obtaining the appropriate regulatory and institutional approvals, the Group aims to:

1. Complete a confirmatory multi-centre Phase III trial for the imaging application of TLX-250 in renal cancer. This trial is expected to commence in Q1 2018. If this trial is successful, the Company could be in a position to apply for marketing authorisation ("product approval") for its first product by end-2019.

2. Complete a multi-centre Phase II trial for the therapeutic application of TLX-250 in renal cancer. This trial is expected to commence in by Q3 2018. If this trial is successful, the Company could have sufficient clinical data to determine whether to proceed to a Phase III trial. A successful trial may also create new partnering and commercial opportunities.

3. Initiate a multi-centre Phase II trial for the therapeutic application of TLX-591 targeting men with metastatic castrate-resistant prostate cancer that have failed androgen therapy, prior to chemotherapy. This trial is expected to commence in by Q1 2019 following a manufacturing campaign and a human dosimetry study. If this trial is successful, the Company would have sufficient clinical data to determine whether to proceed to a Phase III trial. A successful trial may also create new partnering and commercial opportunities.

4. File an FDA drug Masterfile for the ANMI prostate imaging kit for sale in the US market. This may create some additional early commercial and revenue opportunities for the Group in a synergistic customer base to TLX-250 imaging.

5. Completion of a Phase I/II study of TLX-101 in glioblastoma, an aggressive form of brain cancer. TLX-101 has been granted orphan drug status in the US (FDA) and Europe (EMA) and a successful demonstration of patient benefit could rapidly lead to Phase III development and commercial partnerships.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The likely developments in the operations of the Group and the expected results from those operations in future financial years will be affected by the success of management in securing one or more commercial transactions for one or more of the Group's drug assets, as well as the ability to monetise the lead program (TLX-250) through sales and marketing activities, to establish a revenue stream for the Group.

REGULATORY AND ENVIRONMENTAL MATTERS

Telix is required to carry out its activities in accordance with applicable environment and human safety regulations in each of the jurisdictions in which it undertakes its operations. The Company is not aware of any matter that requires disclosure with respect to any significant regulations in respect of its operating activities, and there have been no issues of non-compliance during the period.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events after the Balance Date as at the date of this Report.

REMUNERATION REPORT (AUDITED)

This remuneration report for the period ended 31 December 2017 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. This information has been audited as required by section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director, whether executive or otherwise.

For the purposes of this report, the term "Director" refers to Non-Executive Directors (NEDs) only. "KMP" refers to Executive Directors and other key management personnel.

The names and details of the Directors and KMPs of the Group in office during the financial period and until the date of this report are detailed below. Unless otherwise noted, Directors and KMPs listed are in office at the date of the report. There were no changes to KMP after the Balance Date and before the date this financial report was authorised for issue.

(i)	Non-Executive Directors	
	H Kevin McCann AM	Director and Chairman
	Oliver Buck	Director
	Mark Nelson PhD	Director
(ii)	Executive Directors	
	Christian Behrenbruch PhD	Managing Director and Chief Executive Officer
	Andreas Kluge MD PhD	Executive Director and Chief Medical Officer
(iii)	Other key management	
	Doug Cubbin	Chief Financial Officer
	Jyoti Arora PhD	Director of Operations
	Mike Wheatcroft PhD	Director of Research & Development

Remuneration practice and philosophy

The Group's guiding principle for remuneration is that remuneration should be simple and transparent, should reward achievement, and should facilitate the alignment of shareholder and executive interests. The Company's philosophy is that shareholder and executive interests are best aligned by:

- providing levels of fixed remuneration and 'at risk' pay sufficient to attract and retain individuals with the skills and experience required to build on and execute the Company's business strategy;
- by ensuring 'at risk' remuneration is contingent on outcomes that grow and/or protect shareholder value; and,
- by ensuring a suitable proportion of remuneration is received as a share-based payment.

Policy and process for remuneration setting and review

The Group aims to reward personnel with a level and mix of remuneration commensurate with their position and responsibilities so as to:

- attract and retain appropriately capable and talented individuals to the company;
- reward personnel for corporate and individual performance;
- align the interest of personnel with those of shareholders; and
- build a strong cohesive leadership team which can deliver execution excellence against the strategy.

Remuneration consists of:

- total fixed remuneration: base salary and superannuation; and
- 'at risk' remuneration: short-term incentives (STI) and long-term incentives (LTI).

Performance and remuneration reviews are combined and are conducted on a single cycle which runs from 1 January to 31 December. There are no automatic adjustments to individual total fixed remuneration other than those required by law. Position descriptions are prepared for all positions. Position descriptions are reviewed when necessary due to internal or external changes, and are considered as part of the annual performance and remuneration review. The Nomination and Remuneration Committee recommends to the Board the remuneration packages for the KMPs. The

Committee may seek external advice to determine the appropriate level and structure of the remuneration packages. The CEO determines remuneration packages for non-KMP team members.

Total fixed remuneration
To ensure that the Company continues to attract, retain and motivate talented staff at a competitive cost, the Company will aim to align total fixed remuneration to the median rate of the relevant market, with consideration given to experience, qualifications, performance and other non-financial benefits. Total fixed remuneration will be reviewed using market data to determine what, if any, adjustments may need to be made to individual remuneration.

'At risk' remuneration
'At risk' remuneration elements are paid/ issued following the performance and remuneration review conducted by executive management; assessment by the Nomination and Remuneration Committee; and approval by the Board.

Short-term incentives (STI): cash bonus
STIs comprise 30% of fixed remuneration for the CEO and between 10% and 25% for other personnel. To provide a framework for the assessment of performance and remuneration, each year, KPIs will be determined on a corporate and individual basis, based on the Board approved annual operational plan. Corporate KPIs will be approved by the Board, and individual KPIs and commercial targets will be set by the CEO. STI calculations and actual payment are based on achievement of KPIs. The relative contributions of corporate and individual KPIs for company personnel are:

- CEO, CFO and CMO KPIs = 100% corporate objectives
- KMPs = 75% corporate objectives and 25% individual objectives

Long-term incentives (LTI): equity grants
LTIs are offered to incentivise, reward and retain personnel, and to align the interests of personnel and shareholders. On an annual basis, the Nomination and Remuneration Committee will consider the recommendation of the CEO regarding the issue of LTIs in light of the performance, financial position and current issued capital of the company. There will be no automatic grant of LTIs following each performance and remuneration review. At the discretion of the Board, the Company may also offer grants of LTIs as an award to incentivise high-quality prospective employees to join the company. As the Group is yet to have an ongoing revenue stream, the Board may also consider equity-based remuneration for consultants to the Company as a means of preserving capital.

The terms of any LTI grant are determined by the Board. LTI grants normally take the form of the issue of unlisted share options. Share options are normally issued under the company's equity incentive plan (EIP). All grants of equity are determined by the Board, following a recommendation by the Nomination and Remuneration Committee.

Options are typically granted with an exercise price that is at least at 150% premium to the market price of shares on the day of issue, vesting in equal portions over three to five years at a specific exercise price, with the first vesting period occurring generally up to 12 months after the grant date.

The terms of the options, and what happens to options in the event of cessation of employment, are at the discretion of the Board. However generally, in the event that a holder of unvested options ceases to be employed, then at the absolute discretion of the Board, if the ceasing of employment is on a "Good Leaver" basis, the next tranche of unvested options vests and becomes exercisable for 30 days after the last day of engagement, after which those options expire. If at the absolute discretion of the Board, the ceasing of employment is on a "Bad Leaver" basis, all unvested options lapse immediately and the expiry date is taken to have occurred on the last day of engagement. In the event of a change of control, the Board, at its absolute discretion, may determine that some or all unvested awards will vest.

Nomination and Remuneration Committee

The objective of the Nomination and Remuneration Committee is to assist the Board in fulfilling its duties and responsibilities by reviewing, advising and making recommendations to the Board on:

(a) Nomination
- Board composition and succession planning, taking into account diversity objectives and the mix of Director skills and experience;
- induction and continuing education for Directors;
- Board performance evaluation; and
- the performance of the CEO and Key Management Personnel

(b) Remuneration
- implementing policies for the purposes of using remuneration to foster long-term growth and success;
- monitoring the implementation by management of the Board's strategic objectives and policies;
- remuneration for Non-Executive Directors; and
- remuneration and incentive arrangements for the CEO and other Key Management Personnel

Remuneration and Awards for the Financial Period ended 31 December 2017

During the establishment of the Company, total fixed remuneration was benchmarked against 50 comparable (market capitalisation, pre-revenue stage) ASX life sciences companies. For 2017/2018, the awarded CEO salary is a bottom quartile ASX-benchmarked salary, reflective of the 'start-up' mode of operation and in consideration of the CEO's significant founding equity ownership. The CEO salary will be reviewed for 2019 financial year. CMO and CFO salaries were benchmarked to the middle of the ASX for peer companies in the biopharmaceutical industry, and other KMP salaries were benchmarked to industry competitive salaries (mid-range).

STI awards for the period under review were applicable to KMPs following the achievements of targets for the period of company formation, establishment of base of intellectual property, successful IPO and Listing on the ASX. 100% of STI entitlements due to each KMP for the period was awarded. The rationale of the award was the delivery of the IPO less than 12 months from Company establishment which required all team members to meet or exceed all targets.

No LTIs were awarded in the remuneration and performance review for the period under review. 'Other key Management' as listed above were granted options in October 2017, the vesting of which was contingent on the company's IPO and listing. These options became eligible to vest upon Listing, and will vest equally over three years from the date of issue. The Options have an exercise price of $0.85 per option and an expiry of 14 October 2021. The Company considers that this grant of options allowed the Company to maintain cash reserves for its operations whilst providing rewarding 'other key management' their commitment and contribution to the Company.

Non-Executive Director remuneration

All Non-Executive directors enter into a letter of appointment which summarises obligations, policies and terms of appointment, including remuneration, relevant to the office of director of the Company.

In accordance with the Constitution of the Company and ASX Listing Rules, the aggregate remuneration of Non-Executive Directors is determined from time to time by General Meeting. The last determination for Telix Pharmaceuticals Limited was made at the General Meeting of Shareholders held on 13 October 2017. At that Meeting, Shareholders approved an aggregate annual remuneration pool for Non-Executive Directors of $400,000. The total Non-Executive Director remuneration of Telix Pharmaceuticals Limited for the period ended 31 December 2017 utilised $145,785 of this authorised amount. The Board will not seek an increase at the 2018 Annual General Meeting.

Fees to Non-Executive Directors reflect the obligations, responsibilities and demands which are made on Directors. Non-Executive Directors' fees will be reviewed periodically by the Board. In conducting these reviews, the Board will consider market information, to seek to ensure that fees are in line with the market, as well as the financial position of the Company. Although the Chairman of the Board receives a higher fee, the remuneration of Non-Executive Directors consists only of Directors fees, Non-Executive Directors do not receive committee fees or retirement benefits. Non-Executive Directors are however able to participate in the Group's Equity Incentive Plan, under which equity may be issued subject to Shareholder approval.

Following Shareholder approval at the EGM held 13 October 2017, Non-Executive Directors were granted Director Options, the vesting of which was contingent on the company's IPO and listing. These options became eligible to vest upon Listing, and will vest equally over three years from the date of issue. The Options have an exercise price of $0.85 per option and an expiry of 14 October 2021.

The Company considered that the grant of Director Options allowed the Company to maintain cash reserves for its operations whilst providing cost effective consideration to the Non-Executive Directors for agreeing to join the Board (in the case of Messrs McCann and Nelson) and rewarding their commitment and contribution to the Company (in the case of Mr Buck). The Company considered the grant of Director Options to be reasonable, given the necessity to attract high calibre professionals to the Company whilst maintaining cash reserves.

The Company also considered the extensive experience and reputation of the Non-Executive Directors, the relationship between the Director Option exercise price and the IPO Price, the implied value of the Director Options and current market practices when determining the number and exercise price of Director Options issued.

Remuneration for the period ended 31 December 2017

	Salary & Fees	Superann-uation	Other	STI Bonus	LTI Share-based payment (Options)	Total	Bonus and Option	Bonus and Option
	$	$	$	$	$	$	$	%
Non-Executive Directors								
K McCann [(i)]	31,612	3,003	-	-	16,294	50,909	16,294	32.01%
O Buck [(ii)]	40,451	-	-	-	8,147	48,598	8,147	16.76%
M Nelson [(i)]	17,308	1,644	-	-	16,294	35,246	16,294	46.23%
M Cawley [(iii)]	-	-	-	-	-	-	-	-
R Zimmermann [(iii)]	31,324	-	-	-	-	31,324	-	0.00%
	120,695	**4,647**	**-**	**-**	**40,735**	**166,077**	**40,735**	**-**
Executive Directors								
C Behrenbruch	210,921	26,284	-	65,753	-	302,958	65,753	21.70%
A Kluge	146,235	-	-	30,711	-	176,946	30,711	17.36%
	357,156	**26,284**	**-**	**96,464**	**-**	**479,904**	**96,464**	**-**
Other key management								
D Cubbin	98,396	11,574	-	23,440	13,002	146,412	36,442	24.89%
J Arora	100,603	11,783	-	23,425	25,996	161,807	49,421	30.54%
M Wheatcroft	104,808	12,299	-	24,658	25,996	167,761	50,654	30.19%
	303,807	**35,656**		**71,523**	**64,994**	**475,980**	**136,517**	**-**

(i) K McCann and M Nelson were appointed to the Board on 17 September 2017
(ii) O Buck was appointed to the Board on 16 January 2017
(iii) M Cawley and R Zimmermann retired from the Board on 17 September 2017

Employment contracts

Executive Directors and other key management personnel have rolling contracts, not limited by term. Details of contractual terms effective 1 January 2018 are as follows:

KMP	Remuneration	Notice period	STI and treatment of STI on termination	LTI and treatment of LTI on termination
Christian Behrenbruch PhD – MD & CEO	Base remuneration of $280,000 subject to annual review. Exclusive of superannuation paid at government-determined levels (currently 9.50%).	3 months' notice of termination by either party. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to Listing for the	Eligible to receive an annual bonus of up to 30% of base remuneration. Payout of any STI is at the discretion of the Board. The treatment of STIs on termination	Eligible to participate in the Company's equity incentive plan (EIP). Any issue of securities is subject to shareholder approval. The treatment of LTIs on termination

		provision of benefits on cessation of employment.	is at Board discretion.	is at Board discretion.
Andreas Kluge MD PhD – ED & CMO	Base salary of up to $250,000 on a full-time basis. Dr Kluge is currently employed on a 0.5FTE basis as a contractor	3 months' notice of termination by either party. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to Listing for the provision of benefits on cessation of employment.	Eligible to receive an annual bonus of up to 20% of base remuneration. Payout of any performance bonus is at the discretion of the Board. The treatment of STIs on termination is at Board discretion.	Eligible to participate in the Company's equity incentive plan (EIP). Any issue of securities is subject to shareholder approval. The treatment of LTIs on termination is at Board discretion.
Doug Cubbin – CFO	Base remuneration of $220,000 subject to annual review. Exclusive of superannuation paid at government-determined levels (currently 9.50%).	3 months' notice of termination by either party. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to Listing for the provision of benefits on cessation of employment.	Eligible to receive an annual bonus of up to 25% of base remuneration. Payout of any performance bonus is at the discretion of the Board. The treatment of STIs on termination is at Board discretion.	Eligible to participate in the Company's equity incentive plan (EIP). Any issue of securities is subject to shareholder approval. The treatment of LTIs on termination is at Board discretion.
Other Key Management Personnel	Base remuneration of up to $180,000 individually, subject to annual review. Exclusive of superannuation paid at government-determined levels (currently 9.50%).	3 months' notice of termination by either party.	Eligible to receive an annual bonus of up to 20% of base remuneration. Payout of any performance bonus is at the discretion of the Board. The treatment of STIs on termination is at Board discretion.	Eligible to participate in the Company's equity incentive plan (EIP). The treatment of LTIs on termination is at Board discretion.

Shareholdings of Directors and KMPs for the period ended 31 December 2017

	Balance on incorporation	Shares issued from Options exercised	Net Acquired/ (Disposed)	Balance 31 December
K McCann	-	-	160,000	160,000
O Buck (i)	1,057,500	-	-	1,057,500
M Nelson	-	-	2,238,750	2,238,750
C Behrenbruch (i)	24,675,000	-	-	24,675,000
A Kluge (i)	24,675,000	-	-	24,675,000
D Cubbin	-	-	-	-
J Arora	-	-	-	-
M Wheatcroft	-	-	-	-
	50,407,500	**-**	**2,398,750**	**52,806,250**

(i) On 13 October 2017, Shareholders approved a 47:1 share split of Telix shares. Numbers recorded above reflect post-share split numbers.

Option holdings of Directors and KMPs for the period ended 31 December 2017

	Balance on incorp	Options granted	Lapsed	Exercised	Balance 31 Dec	Vested 31 Dec	Exercisable 31 Dec	Unexercisable 31 Dec
K McCann	-	990,000	-	-	990,000	-	-	990,000
O Buck	-	495,000	-	-	495,000	-	-	495,000
M Nelson	-	990,000	-	-	990,000	-	-	990,000
C Behrenbruch	-	-	-	-	-	-	-	-
A Kluge	-	-	-	-	-	-	-	-
D Cubbin	-	790,000	-	-	790,000	-	-	790,000
J Arora	-	1,579,500	-	-	1,579,500	-	-	1,579,500
M Wheatcroft	-	1,579,500	-	-	1,579,500	-	-	1,579,500
	-	6,424,000	-	-	6,424,000	-	-	6,424,000

The disclosures in the Consolidated Financial Statements of shares and options held by Key Management Personnel are determined in accordance with the requirements of AASB 124, which requires that KMP holdings also include the holdings of 'close family members'. Disclosure of 'close family member' holdings is not required by the Corporations Act 2001, therefore the figures shown above may differ from those holdings reported in at Note 20a to the Consolidated Financial Statements.

TELIX PHARMACEUTICALS LIMITED PERFORMANCE AND SHAREHOLDER WEALTH

Basic Earnings per share, Net tangible assets per share and Dividend per share (cents per share) is as follows. Period end share price has been included as one measure of shareholder wealth:

	2017 Cents
Earnings/(Loss) Per Share	(4.98)
Net tangible assets per share	39
Dividend per share	-
Share Price	62

INDEMNITY

Subject to the Corporations Act and rule 10.2 of the Constitution of Telix Pharmaceuticals Limited, the Company must indemnify each Director, Secretary and Executive Officer to the maximum extent permitted by law against any liability incurred by them by virtue of their holding office as, and acting in the capacity of, Director, Secretary or Executive Officer of the Company, other than:

a) a liability owed to the Company or a related body corporate of the Company;

b) a liability for a pecuniary penalty order under section 1317G Corporation Act or a compensation order under section 1317H Corporations Act;

c) a liability owed to a person other than the Company that did not arise out of conduct in good faith.

The Company has paid premiums in respect of a contract insuring its Directors, the Company Secretary and Executive Officers for the financial period ended 31 December 2017. Under the Company's Directors and Officers Liability Insurance Policy, the Company cannot release the nature of the liabilities insured by the policy or the amount of the premium.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, PricewaterhouseCoopers, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit. No payment has been made to indemnify PricewaterhouseCoopers during or since the financial period.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A statement of independence has been provided by the Company's auditor, PricewaterhouseCoopers, and is included in the attached financial report.

NON-AUDIT SERVICES

During the period the Company's auditor performed non-audit services in relation to the Company's Initial Public Offering. These services included the review of special purpose financial statements and tax advice relating to group structure and incentive plan structure. The provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001, and the Directors are satisfied that the nature, scope and quantum of the non-audit services provided did not compromise auditor independence. The details of the services provided and their costs are as follows:-

	$
Taxation advisory services	115,000
Investigating Accountants Report related to the IPO	99,000
	214,000

COMPANY SECRETARY

Melanie Farris (AGIA, ACIS) BComn Grad Dip ACG

Ms Melanie Farris is an experienced governance, communications and operations executive. Melanie is currently Chair for Synapse Australia Limited, and in governance roles with Factor Therapeutics Limited (ASX:FTT) and Invion Limited (ASX:IVX) and Menzies Research Centre Limited. Melanie's previous roles include with HRH The Prince of Wales's Office, Global Asset Management, Imperial Cancer Research Fund, and The Prince's Foundation. Melanie holds a Bachelor of Communication (Public Relations), and a Graduate Diploma in Applied Corporate Governance. She is an Associate of the Governance Institute of Australia and an Associate of the Institute of Chartered Secretaries (UK).

CORPORATE GOVERNANCE STATEMENT

Telix Pharmaceuticals and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. The 2017 Corporate Governance Statement reflects the corporate governance practices in place throughout the 2017 financial period and is available in the Investors section of the Company's website: http://www.telixpharma.com/investors/corporate-governance/.

Signed in accordance with a resolution of Directors

H Kevin McCann
Chairman
26 February 2018

Consolidated Statement of Total Comprehensive Income

for the period from incorporation on 3 January 2017 to 31 December 2017

	Note	2017 $
Continuing Operations		
Other income & expenses	8	151,617
Research & development costs	4	(2,977,062)
Administration & consulting costs	5	(2,281,259)
Employment costs	6	(1,261,010)
Finance costs	7	(9,401)
Loss before income tax		**(6,377,115)**
Income tax benefit	9	**-**
Loss from continuing operations after income tax		**(6,377,115)**
Loss is attributable to: **Owners of Telix Pharmaceuticals Limited**		**(6,377,115)**
Loss for the period		**(6,377,115)**
Items to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations		(22)
Total comprehensive loss for the period		**(6,377,137)**
		Cents
Basic loss per share from continuing operations attributable to the ordinary equity holders of the company	23	(4.98)
Diluted loss per share from continuing operations attributable to the ordinary equity holders of the company	23	(4.98)

The Consolidated Statement of Total Comprehensive Income is to be read in conjunction with the notes to the Financial Statements.

Consolidated Statement of Financial Position

for the period from incorporation on 3 January 2017 to 31 December 2017

	Notes	2017 $
Current Assets		
Cash and cash equivalents	10.1	48,758,958
Trade and other receivables	10.2	338,799
Other current assets	10.3	447,252
Total current assets		**49,545,009**
Non-current assets		
Property, plant and equipment	11	5,389
Intangible assets	12	1,508,038
Other non-current assets		35,292
Total non-current assets		**1,548,719**
Total assets		**51,093,728**
Current Liabilities		
Trade and other payables	10.4	1,123,011
Borrowings	10.5	345,433
Total current liabilities		**1,468,444**
Non-current liabilities		
Deferred tax liabilities	10.6	332,489
Total non-current liabilities		**332,489**
Total liabilities		**1,800,933**
Net assets		**49,292,795**
Equity	13	
Issued capital	13.1	55,560,912
Foreign currency translation reserves		(22)
Other reserves		109,020
Accumulated losses		(6,377,115)
Total equity		**49,292,795**

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the Financial Statements.

Consolidated Statement of Changes in Equity

for the period from incorporation on 3 January 2017 to 31 December 2017

	Note	Share capital $	Accumulated losses $	Foreign currency translation reserve $	Share-based payments reserves $	Total $
Balance as at 3 January 2017		-	-	-	-	**-**
Loss for the period		-	(6,377,115)	-	-	**(6,377,115)**
Other comprehensive loss		-	-	(22)	-	**(22)**
Total comprehensive loss		**-**	**(6,377,115)**	**-**	**-**	**(6,377,137)**
Contributions of equity	13.2	58,550,150	-	-	-	**58,550,150**
Transaction costs arising on new share issues	13.2	(2,989,238)	-	-	-	**(2,989,238)**
Share based payment	17	-	-	-	109,020	**109,020**
As at 31 December 2017		**55,560,912**	**(6,377,115)**	**(22)**	**109,020**	**49,292,795**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the Financial Statements.

Consolidated Statement of Cash Flows

for the period from incorporation on 3 January 2017 to 31 December 2017

	Notes	2017 $
Cash flows from operating activities		
Receipts in relation to R&D tax incentive		462,130
Payments to suppliers and employees		(6,522,200)
Interest received		33,856
Interest paid		(5,301)
Net cash used in operating activities	14	**(6,031,515)**
Cash flows from investing activities		
Payment for acquisition of subsidiary, net of cash acquired	16	4,382
Purchase of plant & equipment	11	(5,642)
Loan from related parties		-
Payments for acquisition of subsidiary, net of cash acquired		-
Net cash provided by investing activities		**(1,260)**
Cash flows from financing activities		
Proceeds from borrowings		-
Repayment of borrowings		(769,180)
Proceeds from issue of shares and other equity		58,550,151
Costs of capital raising		(2,989,238)
Net cash provided by financing activities		**54,791,733**
Net (decrease)/ increase in cash held		48,758,958
Net foreign exchange differences		-
Cash and equivalents at beginning of the financial period		-
Cash and equivalents at the end of the financial period	10.1	**48,758,958**

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the Financial Statements.

1. CORPORATE INFORMATION

Telix Pharmaceuticals Limited is a for profit company limited by shares incorporated in Australia whose shares have been publicly traded on the Australian Securities Exchange since its listing on 15 November 2017 (ASX:TLX). Telix Pharmaceuticals Limited is an Australian oncology company that is developing a pipeline of "molecularly targeted radiation", or "MTR", products for unmet needs in cancer care. The Company was established on 3 January 2017.

The principal activities during the period were targeted to the formation of the Company, establishing the intellectual property foundation of the business via acquisition or licensing, and an initial public offering, and an initial public offering. The Telix Pharmaceuticals Group ("Group") consists of Telix Pharmaceuticals Limited ("Telix Pharmaceuticals" or the "Company") and its wholly owned subsidiaries: Telix International Pty Ltd, Telix Pharmaceuticals (ANZ) Pty Ltd, Telix Pharmaceuticals (US) Inc., Telix Life Sciences (UK) Ltd, Telix Pharmaceuticals (Singapore) Pte Ltd, Telix Pharmaceuticals Holdings (Germany) GmbH, Therapeia GmbH & Co. KG) and Telix Pharmaceuticals (Germany) GmbH.

This consolidated financial report of Telix Pharmaceuticals Limited for the period ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 26 February 2018.

2. SEGMENT REPORTING

The Telix Pharmaceuticals Group operates as an oncology group with operations in Australia, the United States, the United Kingdom, Singapore, Germany. The Group does not currently consider that the risks and returns of the Group are affected by differences in either the products or services it provides, nor the geographical areas in which the Group operates. As such the Group operates as one segment. Group performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Group financing (including finance costs and finance income) and income taxes are managed on a Group basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

3.1. Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Telix Pharmaceuticals Limited is a for-profit entity for the purpose of preparing the financial statements.

a. *Compliance with IFRS:* The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Boards (IASB).

b. *Historical cost convention:* The financial statements have been prepared on a historical cost basis, except for the following: available-for-sale financial assets, financial assets and liabilities (including derivative instruments) certain classes of property, plant and equipment and investment property – measured at fair value, and assets held for sale – measured at fair value less cost of disposal.

c. *New and amended standards adopted:* None of the new standards and amendments to standards that are mandatory for the first time affected any of the amounts recognised in the current period or any prior periods.

d. *New standards and interpretations not yet adopted:* Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2017 reporting period and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below:

AASB 9 Financial Instruments
AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. There will be no impact on financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on the expected credit losses (ECL) rather than incurred credit losses as measured under AASB 139. The change is not expected to impact the measurement of other receivables when the ECL method of measurement is introduced.

AASB 15 Revenue from Contracts with Customers
The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The group is currently in a research and development phase and is yet to generate revenue, hence management has concluded that the group will not be affected by this change at the current time.

AASB 16 Leases
AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.

At 31 December 2017, the Company held one operating lease for office premises at a commitment of $77,000 per year for two years commencing 1 August 2017.

3.2. Principles of consolidation and equity accounting

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

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

b. Associates
Associates are all entities over which the Group has significant influence, but not control or joint control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost, less impairment losses, if any.

c. Changes in ownership interests
The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of the Group.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

d. Disposals

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.3. Current & non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is current when it is expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. A liability is current when it is expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

3.4. Cash and cash equivalents

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

3.5. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

3.6. Foreign currency translation

a. Functional & presentation currency

Items included in the financial statements of the Group are measured in Australian dollars, being the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars.

b. Transactions & balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value

gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

c. Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.7. Government grant income

Income from government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Income from government grants is recognized in the consolidated income statement on a systematic basis over the periods in which the entity recognizes as expense the related costs for which the grants are intended to compensate. See further information in significant judgements and estimates.

3.8. Income tax

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

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

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

3.9. Business combinations

The acquisition method of accounting is used to account for all business combinations by the Group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

3.10. Intangible assets

Goodwill: Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Patents, trademarks, licences and customer contracts: Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The useful of these intangibles assets are as follows: Patent: 20 years.

Intellectual Property: Intellectual Property has been realised on the acquisition of Therapeia. The Intellectual Property has an indefinite life as the asset is not yet ready for use. The asset will be tested annually for impairment and subsequently carried at cost less accumulated impairment losses. At the point the asset is ready for use, the useful life will be reassessed as a definite lived asset and amortised over an appropriate period.

Research and development: Research expenditure on internal projects is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure that could be recognised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other expenditures that do not meet these criteria are recognised as an expense as incurred. As the Group has not met the requirement under the standard to recognise costs in relation to development as intangible assets, these amounts have been expensed within the financial statements.

3.11. Impairment of non-financial assets

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

3.12. Accrued Research & Development

As part of the process of preparing our financial statements, we are required to estimate our accrued expenses. This process involves reviewing open contracts and purchase orders, communicating with our personnel to identify services that have been performed on our behalf and estimating the level of service performed and the associated cost incurred for the service when we have not yet been invoiced or otherwise notified of the actual cost. The majority of service providers invoice us monthly in arrears for services performed or when contractual milestones are met. The Group estimates accrued expenses as of each balance sheet date in our financial statements based on facts and circumstances known to us at that time. The Group periodically confirms the accuracy of estimates with the service providers and make adjustments if necessary. Examples of estimated accrued expenses include fees paid to:

- Contract Research Organisations ("CROs") in connection with clinical studies;
- investigative sites in connection with clinical studies;
- vendors in connection with preclinical development activities; and
- vendors related to product manufacturing, process development and distribution of clinical supplies.

The Group's expenses related to clinical studies is based on estimates of the services received and efforts expended pursuant to contracts with multiple CROs that conduct and manage clinical studies on the Group's behalf. The financial terms of these agreements are subject to negotiation, vary from contract to contract and may result in uneven payment flows. There may be instances in which payments made to the Group's vendors will exceed the level of services provided and result in a prepayment of the clinical expense. Payments under some of these contracts depend on factors such as the successful enrolment of subjects and the completion of clinical study milestones.

In accruing service fees, the Group estimates the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from the estimate, an adjustment is made to the accrual or prepaid accordingly. To date, there have been no material differences from the Group's estimates to the amount actually incurred.

3.13. Investments and other financial assets

a. Classification

The group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

b. Reclassification

The group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.
Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

c. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When securities classified as available-for-sale are sold, the accumulated fair value adjustments

recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

d. Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses,
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income, and
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in profit or loss as part of revenue from continuing operations when the group's right to receive payments is established. Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on available-for-sale securities, held-to-maturity investments and loans and receivables calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue from continuing operations.

e. Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost: For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale: If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period. If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

3.14. Income recognition

a. Interest income

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

b. Dividend

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

3.15. Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The useful lives of assets are as follows: Plant and equipment: 3-5 years.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

3.16. Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

3.17. Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

a. Short-term obligations

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

b. Other long-term employee benefit obligations

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

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

c. Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, options or performance rights over shares, that are provided to employees. Cash-

settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option and volatility. No account is taken of any other vesting conditions.

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

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

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability. Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied. If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

d. Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.18. Earnings per share

a. *Basic earnings per share:* Basic earnings per share is calculated by dividing: the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, and by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

b. *Diluted earnings per share:* Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account: the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.19. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

3.20. Critical estimates, judgements and errors

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

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in notes 1 to 10 together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this period as a result of an error and of changes to previous estimates.

Significant estimates and judgements: The areas involving significant estimates or judgements are:

- Valuation of intellectual property arising from acquisition of Therapeia – note 16

  AASB 3 Business combinations requires the net identifiable assets acquired in an acquisition to be recognised at fair value. The acquisition of Therapeia identified intangibles assets of intellectual property. Given the absence of an external market with readily available valuations over similar intellectual property, the directors have identified replacement cost as the most appropriate valuation technique to determine fair value. This predominately included an assessment by the directors of the current market costs to obtain the intellectual property held by Therapeia.

- Recognition of government grant income – R&D tax incentives

  The Australian government allows a refundable tax offset to eligible companies with an annual aggregate turnover of less than A$20.0 million. Eligible companies can receive a refundable tax offset for a percentage of their research and development spending at the rate of 43.5% for periods from July 1, 2016. We have assessed our research and development activities and expenditure to determine which areas of \spending are likely to be eligible under the incentive scheme. Our analysis includes an assessment of domestic spend and international spend. Given the international spend is still subject to approval from the regulatory body, the group have deferred the recognition of tax incentives income until this approval is obtained. For the period to 31 December 2017, the group has recognised $403,467 of research and development tax incentives in the consolidated income statement, of which $338,799 has yet to be received and is recorded as Trade and other receivables. This only relates to domestic spend that is considered to qualify for the incentive scheme. We have deferred $397,463 of income received that relates to international spend in the consolidated financial statement position.

4. RESEARCH & DEVELOPMENT COSTS

	2017 $
Research & Development costs	2,977,062
	2,977,062

5. ADMINISTRATION AND CONSULTING COSTS

	2017 $
Expenses	
Rent	21,654
Accounting & audit fees	394,529
Consulting fees	62,132
Other IPO related costs	814,471
Legal fees	414,346
Insurance	47,122
Travel costs	213,765
Other administration expenses	313,240
	2,281,259

6. EMPLOYMENT COSTS

	2017 $
Expenses	
Directors' fees	607,780
Salaries & wages	428,214
Superannuation	71,409
Annual leave expenses	44,587
Equity settled share based payment expenses	109,020
	1,261,010

7. FINANCE COSTS

	2017 $
Expenses	
Bank fees	4,100
Interest expense	5,301
	9,401

8. OTHER INCOME & EXPENSES

	2017 $
Foreign exchange loss	241,926
Realised currency loss	43,553
Unrealised currency loss	5,351
Research & development tax incentive income	(403,467)
Interest income	(38,980)
	(151,617)

9. INCOME TAX EXPENSES

a. *Numerical reconciliation of income tax expense to prima facie tax payable*

	2017 $
Profit/(loss) from continuing operations before income tax expense	(6,377,115)
Prima-facie tax at a rate of 27.5%:	(1,753,707)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	
Eligible expenses claimed under R&D tax incentive	144,112
Superannuation expense	8,513
Deductible transaction costs on share issues	(164,408)
Employment entitlements	12,261
Employee option plan	29,981
Current period unrecognised tax losses	1,723,248
Income tax expense	**-**
Deferred tax balances	
Deferred tax liability opening balance	**-**
Deferred tax arising on the acquisition of intellectual property	332,489
Deferred tax liability ending balance	**332,489**

b. *Tax losses*

Unused tax losses for which no deferred tax asset has been recognised	6,266,358
Potential tax benefit @27.5%	1,723,248

10. FINANCIAL ASSETS AND LIABILITIES

	Note	2017 $
Financial Assets		
Cash on hand	10.1	48,758,958
Trade and other receivable	10.2	338,799
Other current Assets	10.3	447,252
		49,545,009
Financial Liabilities		
Trade and other payables	10.4	1,123,011
Borrowings	10.5	345,433
		1,468,444

10.1 Cash and cash equivalents

	2017 $
Cash on hand	48,758,958
	48,758,958

a. *Reconciliation to cash flow statement:* The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial period.

b. *Classification as cash equivalents:* Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition.

10.2 Trade and other receivables

	2017 $
R&D tax incentive receivable	338,799
	338,799

10.3 Other current assets

	2017 $
GST receivable	150,132
Other receivable	(100)
Prepayments	297,220
	447,252

10.4 Trade & other payables

	2017 $
Trade creditors	275,844
Other creditors	196,497
Payroll liabilities	253,207
Deferred R&D tax incentive income	397,463
	1,123,011

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

10.5 Borrowings

	2017 $
Loan with related parties - ABX-CRO	345,433
	345,433

For further information on the loan with related parties, see note 16. The loan is repayable on 15 November 2018 with a fixed interest rate of 5%. The fair value of borrowings are not materially different to their carrying amounts.

10.6 Deferred tax liabilities

Deferred tax liabilities

Movements	**Intangible assets**	**Total**
Balance at 3 January 2017	-	-
Acquisition of subsidiary	332,489	332,489
Balance at 31 December 2017	**332,489**	**332,489**

Deferred tax liabilities

	2017 $
The balance comprises temporary differences attributable to:	
Intellectual property	332,489
	332,489

10.7 Atlab agreement (TX-591)

Telix entered into a Product Development and Option Agreement (Atlab Agreement) on 16 January 2017 with Atlab Pharma SAS (Atlab) and the majority shareholders of Atlab (Atlab Majority Shareholders). The Atlab Agreement provided Telix the ability to acquire the equity interest of the Atlab Majority Shareholders. The purchase price under the Atlab Agreement is US$10,000,000 which, following listing on the ASX, Telix can elect to satisfy in scrip (based on the 10-day VWAP of the then-current trading price) or cash, or a mix of scrip and cash. The option expires at the earlier of 30 days after Atlab receives regulatory approval to commence a Phase II Trial and 12 months of the date of the Atlab Agreement (i.e. 15 January 2018) (Exercise Period). The fair value of the option was determined to be $0 on acquisition and $0 at 31 December 2017.

Prior to its expiry, on 22 December 2017 Telix issued a letter of intent to complete the acquisition of Atlab, subject to a number of activities required from both parties, before approval for execution. These activities include, but are not limited to, approval from both company Board of Directors, satisfactory completion of due diligence procedures by Telix over Atlab, completion of Atlab year-ended audited accounts, agreement on trading restrictions of purchase any shares issued as part of the consideration and the receipt of necessary third-party consents.

11. PROPERTY, PLANT AND EQUIPMENT (PPE)

Period ended 31 December 2017	**Plant & Equipment $**	**Total $**
Balance at 3 January 2017	-	-
Additions	5,642	5,642
Disposals	-	-
Depreciation charge	(253)	(253)
Balance at 31 December 2017	**5,389**	**5,389**

As at 31 December 2017		
Cost or fair value	5,642	5,642
Accumulated depreciation	(253)	(253)
Net book amount	**5,389**	**5,389**

12. INTANGIBLE ASSETS

	Goodwill $	**Intellectual Property $**	**Patent $**	**Total $**
Period ended 31 December 2017				
Opening net book amount				
Additions	332,489	1,108,296	70,793	1,511,578
Disposals	-	-	-	-
Amortisation charge	-	-	(3,540)	(3,540)
Net book amount	**332,489**	**1,108,296**	**67,253**	**1,508,038**

As at 31 December 2017				
Cost of fair value	332,489	1,108,296	70,793	1,511,578
Amortisation charge	-	-	(3,540)	-
Net book amount	**332,489**	**1,108,296**	**67,253**	**1,508,038**

See accounting policy notes for amortisation methods and useful life of intangible assets.

Impairment test for goodwill and indefinite life intangible assets:

Goodwill and indefinite life intangible assets, being intellectual property, were acquired as part of the business combination with Therapeia (see note 16). The allocation of the purchase price to the acquired net identifiable assets are still preliminary. In particular, the fair value assigned to intellectual property are still being assessed and may be subject to change. The acquisition accounting will be finalised within 12 months of the acquisition date. As the purchase price allocation remains preliminary at 31 December 2017, the goodwill recognised of $332,489 has not been allocated to a cash generating unit (CGU) or group of CGUs.

Due to the proximity of the acquisition to year end, management used a 'fair value less cost to sell' model to assess the carrying value of the associated goodwill and intangible assets, considering the recent market transaction and any indicators subsequent to year end. The directors have identified no impairment indictors since acquisition and note the following factors in their assessment:

- The acquisition was at an arms-length transaction
- There have been no significant changes in the business since acquisition
- There have been no significant changes in the market that would suggest a reduction in value of the intellectual property since acquisition.

13. EQUITY

13.1 Issued capital

	2017 Shares	2017 $
Fully paid Ordinary Shares	197,437,500	55,560,912
	197,437,500	**55,560,912**

13.2 Movements in ordinary shares

Details	Number of shares	Total $
Opening balance 3 January 2017	-	-
Shares issued 3 January 2017	1,500,000	150
Shares issued 16 January 2017	987,500	7,900,000
Shares issued 8 February 2017	12,500	100,000
Shares issued 6 March 2017	62,500	500,000
Shares on issue at 13 October 2017	**2,562,500**	**8,500,150**
Share split on 15 October 2017	117,875,000	**-**
IPO Shares issued 15 November 2017	77,000,000	50,050,000
Less: transaction costs arising on share issued on 16 January 2017		(461,108)
Less: transaction costs arising on share issued on 15 November 2017		(2,528,130)
	197,437,500	**55,560,912**

Following Shareholder approval at the EGM held 13 October 2017 for a 47:1 share split, on 15 October 2017, the Company had 120,437,500 fully paid ordinary shares on issue.

The purpose of the capital raising on 3 January 2017 was to provide the company with sufficient working capital to meet its short-term expenditure until such time that the IPO was finalised.

The purpose of the IPO was to raise capital to fund future research and development activity, provide a liquid market for the shares issued and to provide the company with the added benefits of an increased profile that arises from being an ASX-listed entity. Funds raised from the IPO will be used to fund the planned development of the Portfolio, including milestone payments to third parties; provide Telix with a capital structure which, together with access to capital markets and will provide additional financial flexibility to pursue future growth opportunities.

The weighted average ordinary shares for the period 3 January 2017 to 31 December 2017 is 127,993,750.

Ordinary shares: Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Group in proportion to the number of and amounts paid on the shares held.

a. *Options:* Information relating to Telix Pharmaceuticals Ltd Employee Option Plan, including details of options issued, exercised and lapsed during the financial period and options outstanding at the end of the reporting period, is set out in Note 10.

14. CASH FLOW INFORMATION

Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2017 $
Operating loss after income tax	**(6,377,115)**
Adjustments for	
Depreciation/ Amortisation	3,792
Share based payment	109,020
Change in assets and liabilities	
(Increase)/ Decrease in other current assets	(447,252)
(Increase)/ Decrease in other non-current assets	(35,292)
Net exchange differences	(68,880)
(Increase)/ Decrease in receivables and prepayments	-
(Increase)/ Decrease in trade and other receivables	(338,799)
Increase/ (Decrease) in trade creditors	1,123,011
(Decrease)/ Increase in provisions	-
Net cash flows used in operating activities	**(6,031,515)**

15. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed.

15.1 Interest rate risk

The Group's exposure to market interest rates relates to its cash holdings and loans payable to third parties (ABX-CRO). The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to a mix of fixed and variable interest arrangements. The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at Balance Date. This sensitivity analysis demonstrates the effect on the current period results which could result from a change in these risks. As at 31 December 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows. The table below shows the impact on cash to exposure to variable interest rates:

	2017 $
Interest rates – increase by 70 basis points	**(1,753)**
Interest rates – decrease by 100 basis points	**2,504**

15.2 Price risk

The Group is not exposed to any significant price risk.

15.3 Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group has certain clinical and regulatory activities conducted internationally. The main currency exposure to the Group is research and development activities which are occurring in Europe, the United States of America and Australia. As a result of these activities, the Group has foreign currency amounts owing in Euro's and United States dollars. These foreign currency balances give to a currency risk, which is the risk of the exchange rate moving, in either direction, and the impact it may have on the Group's financial performance.

The major foreign currency exposure is in US Dollars (USD). This is as a result of cash funds held and both receivable and payable contracts entered into in this currency. The Group maintains foreign currency bank accounts denominated in USD in order to minimise foreign currency risk exposure. The Group had a deficit of foreign currency receivables over payables of $(101,626) at 31 December 2017.

The Group's exposure to the risk of changes in foreign exchange rates also relates to the Group's net investments in foreign subsidiaries, which predominantly include denominations in Euro's and USD, however given the level of current investments foreign subsidiaries, the impact of this limited.

The Group manages the currency risk by evaluating the trend of foreign currency rates to the Australian dollar and making decisions as to the levels to hold in each currency by assessing its future activities which will likely be incurred in those currencies.

As of 31 December 2017, the Group held 84.53% of its cash in Australian dollars, 15.34% in United States dollars and 0.12% in Euros.

The balances held at 31 December 2017 that give rise to currency risk exposure are presented in Australian dollars, together with a sensitivity analysis which assesses the impact that a change of +/- 10% in the exchange rate as of 31 December 2017 would have on the Group's reporting profits(loss) and/or equity balance.

As of 31 December 2017	Foreign currency balance held	+10% Profit/(Loss) $ AUD	-10% Profit/(Loss) $ AUD
Bank accounts – USD	5,842,232	(679,685)	830,726
Bank accounts – EUR	38,639	(5,379)	6,575
Trade and other payables - USD	61,577	(7,164)	8,755
Trade and other payables - EUR	32,481	(4,522)	5,527

15.4 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Given the absence of trade receivables and loan receivables, the Group's exposure to credit risk is minimal. Regardless, the Group obtains guarantees where appropriate to mitigate credit risk.

15.5 Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents). The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities: The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

As at 31 December 2017	1-6 months $	6-12 months $	1-5 years $	Over 5 years $	Total $
Non-derivatives					
Trade and other payables	1,123,011	-	-	-	1,123,011
Borrowings	-	345,433	-	-	345,433
Total non-derivatives	**1,123,011**	**345,433**	**-**	**-**	**1,468,444**

For the period ended 31 December 2017, the Group has incurred a total comprehensive loss after income tax of $6,377,137 and net cash outflows from operations of $6,031,515. As at 31 December 2017, the Group held total cash and cash equivalents $48,758,958. The Group is a development stage biotechnology company and as such expects to be utilising cash reserves until its research activities are commercialised. The Group has funded its research activities through raising $8,039,042 capital from initial shareholders plus a further $47,521,870 from the IPO on 15 November 2017 (net of transactions costs). The Directors are satisfied that there is sufficient working capital to support the committed research activities over the coming 12 months and the Group has the ability to realise it assets and pay its liabilities and commitments in the normal course of business. Accordingly, the directors have prepared the financial report on a going concern basis.

16. BUSINESS COMBINATIONS

Summary of acquisition

Telix acquired Therapeia GmbH Co KG. from Andreas Kluge (Executive Director and Chief Medical Officer) on 10 October 2017 pursuant to a Sales and Purchase Agreement dated 10 October 2017 (Therapeia Purchase Agreement) which was entered into pursuant to a Share Purchase Option Deed dated 16 January 2017 (Therapeia Option Deed). Therapeia is the intellectual property holding entity for TLX-101, a theranostic imaging modality and treatment for glioblastoma and multiple myeloma. Therapeia has licensed certain patents on an exclusive basis from

Professor Samuel Samnick (a member of the Scientific Advisory Board) (Therapeia Licensed Patents) under which, following commercialisation of the Therapeia Licensed Patents, a low single-digit royalty is payable on sales of therapeutic and diagnostic products reliant on Therapeia Licensed Patents.

The Therapeia Option Deed and Therapeia Purchase Agreement each contained various standard warranties given in favour of Telix related to the shares, assets and operations of Therapeia and the Therapeia Licensed Patents. The purchase price payable to complete the acquisition was €900, which has been paid in full.

On acquisition of Therapeia, Telix assumed responsibility for an outstanding loan and an account payable totalling €721,928 that was owed by Therapeia to ABX-CRO, a CRO controlled by Andreas Kluge. The loan and account payable funded substantially all of the development work at Therapeia from 2008 to its acquisition by Telix on 10 October 2017. As per the terms of the Therapeia Purchase Agreement, a payment of €150,000 was paid on 11 October 2017, a further €350,000 was made on 22 December 2017, with the remaining amount of €221,928 becoming repayable to ABX-CRO on the first anniversary of Listing.

As Therapeia was owned and controlled by Andreas Kluge, the Therapeia Option Deed, the Therapeia Purchase Agreement and the transactions contemplated by it constitutes a related party arrangement. At the time of entry into the Therapeia Option Deed, the then-current Directors of Telix determined that the terms of the Therapeia Option Deed were reasonable in the circumstances and for the benefit of Telix, with the parties dealing at arm's length in negotiating the related party arrangement.

The Group has up to twelve months from the date of acquisition to complete its initial acquisition accounting. Any adjustment to the fair values based on circumstances existing at acquisition date, including associated tax adjustments, within this twelve month period will have an equal and opposite impact on the provisional intangible asset recorded on acquisition.

Details of the purchase consideration, the net liabilities acquired and goodwill are as follows:

	$
Purchase consideration (refer to (b) below):	
Cash paid	1,378
Contingent consideration	-
Non - contingent consideration	-
Total purchase consideration	**1,378**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $
Cash	5,760
Plant and equipment	-
Deferred tax asset	-
Intangible assets: Intellectual property	1,087,396
Trade and other payables	(8,453)
Borrowings	(1,083,325)
Contingent liability	-
Deferred tax liability	(332,489)
Net identifiable liabilities acquired	(331,111)
Add: goodwill	332,489
Net assets acquired	**1,378**

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	1,378
Less: Balances acquired	
Cash	5,760
Net outflow of cash – investing activities	**(4,382)**

17. SHARE-BASED PAYMENTS

Equity incentive plan

The equity incentive plan (EIP) was established in order to facilitate remuneration arrangements for Telix's management and enhance the alignment of their interests with those of Shareholders. Under this plan, options may be issued to employees and directors at the Board's discretion. Vesting of options under the Plan is subject to any vesting or performance conditions determined by the Board and specified in the offer document.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan. No options expired during the periods covered by the below table:

	Average exercise price per share option	**Number of options**
As at 3 January 2017		-
Granted during the period	$0.85	6,624,000
Exercised during the period	-	-
Forfeited during the period	-	-
As at 31 December	$0.85	6,624,000
Vested and exercisable at 31 December	**-**	**-**

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Grant Date	**Expiry Date**	**Exercise Price**	**Share options 31 December 2017**
15 October 2017	14 October 2021	$0.85	6,624,000
Total			6,624,000

Options were granted on 15 October 2017. Eligibility to vest was contingent on the company's IPO and listing. These options became eligible to vest upon Listing, and will vest equally over three years from the date of issue.

Fair value of options granted: The assessed fair value at grant date of options granted during the period ended 31 December 2017 was $0.23 per option. The fair value at grant date is independently determined using the Black Scholes Model. The model inputs for options granted during the period ended 31 December 2017 are:

Consideration	Nil
Exercise price	0.85
Grant date	15 October 2017
Expiry date	14 October 2021
Term	4 years
Share price at grant date	$0.65
Volatility	55%
Dividend yield	0.00%
Risk-free rate	2.09%

Expenses arising from share-based payment transactions: Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense are as follows:

	2017 $
Options issued under employee option plan	109,020
Total	109,020

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group had no contingent liabilities at 31 December 2017. The Group had no contingent assets at 31 December 2017.

19. COMMITMENTS

Administrative and Corporate: The Group has a number of leases and agreements relating to business premises, telephone and IT services. At 31 December 2017, the Company held one lease for office premises at a commitment of $77,000 per year for two years commencing 1 August 2017.

At 31 December 2017 and at the date of this Report, the Group had no commitments against existing R&D and clinical development related contracts. R&D commitments in future periods are expected, specifically with relation to manufacturing agreements.

	Within one year $	Within 5 years $
Administrative and corporate commitments	297,107	69,833
R&D and clinical research commitments	-	-
	297,107	69,833

20. RELATED PARTY TRANSACTIONS

Key management personnel compensation

	2017 $
Short-term employee benefits	1,016,232
Post-employment benefits	-
Long-term benefits	-
Termination benefits	-
Share-based payments	105,729
	1,121,961

Transactions with other related parties

	2017 $
Purchases of various goods and services from entities controlled by key management personnel (i)	
Purchases of various goods and services from entities controlled by key management personnel (ii)	244,518
Trade and other payables controlled by key management personnel as at 31 December 2017	-
	244,518

(i) The Group acquired Therapeia from Andreas Kluge on 10 October 2017 pursuant to a Sales and Purchase Agreement dated 10 October 2017 (Therapeia Purchase Agreement) which was entered into pursuant to a Share Purchase Option Deed dated 16 January 2017 (Therapeia Option Deed). See Note 16.1 above.

(ii) ABX CRO is a clinical research organisation (CRO) that specialises in radiopharmaceutical product development. Telix has entered into a master services agreement with ABX CRO for the provision of clinical and analytical services for its programs. Executive Director and Chief Medical Officer, Dr Andreas Kluge, is the principal owner and Geschäftsführer (Managing Director) of ABX CRO.

Loans from related parties

	2017 $
Beginning of the period	-
Borrowings acquired through acquisition	1,083,325
Loans received	-
Loan repayments made	(769,180)
Interest charged	5,301
Foreign exchange	25,987
End of period	**345,433**

Upon the acquisition of Therapeia, the Group took on an existing loan by ABX-CRO to Therapeia. This loan from ABX-CRO is payable by Telix. Executive Director and Chief Medical Officer, Dr Andreas Kluge, is the principal owner and Geschäftsführer (Managing Director) of ABX-CRO. See also note 10.5 and note 16 for further details including the terms and conditions of the loan.

a. Interests in other entities

The group's principal subsidiaries at 31 December 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also the principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the group	Principal activities
Telix International Pty Ltd	Australia	100	Holding company
Telix Life Sciences (UK) Ltd	England	100	Clinical R&D
Telix Pharmaceuticals (Singapore) Pte Ltd	Singapore	100	Clinical R&D
Telix Pharmaceuticals (ANZ) Pty Ltd	Australia	100	Clinical R&D
Telix Pharmaceuticals Holdings (Germany) GmbH	Germany	100	Clinical R&D
Therapeia GmbH & Co.KG	Germany	100	Clinical R&D
Telix Pharmaceuticals (Germany) GmbH	Germany	100	Clinical R&D
Telix Pharmaceuticals (US) Inc.	USA	100	Clinical R&D

21. PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements. The individual financial statements for the parent entity show the following aggregate amounts:

	2017 $
Balance Sheet	
Current assets	50,328,991
Total assets	50,437,025
Current liabilities	1,104,700
Total liabilities	1,104,700
Shareholders' equity	
Issued capital	55,560,912
Other reserve	109,020
Accumulated losses	-
Profit / (loss) for the period	(6,337,607)

22 Remuneration of auditors

	2017 $
PricewaterhouseCoopers Australia	
Taxation advisory services	115,000
Audit and review of financial statements in relation to the IPO	130,000
Audit and review of 31 December 2017 financial statements	127,000
Investigating accountants report related to the IPO	99,000
	471,000

23 Earnings per share

Basic earnings per share

	2017 Cents
From continuing operations attributable to the ordinary equity holders of the company	(4.98)
Total basic earnings per share attributable to the ordinary equity holders of the company	**(4.98)**

Diluted earnings per share

	2017 Cents
From continuing operations attributable to the ordinary equity holders of the company	(4.98)
Total diluted earnings per share attributable to the ordinary equity holders of the company	**(4.98)**

Reconciliations of earnings used in calculating earnings per share

	2017 $
Basic earnings per share	
Loss attributable to the ordinary equity holders of the company used in calculating basic earnings per share: From continuing operations	(6,377,115)
	(6,377,115)
Diluted earnings per share	
Loss attributable to the ordinary equity holders of the company used in calculating basic earning s per share:	

From continuing operations	(6,377,115)
Loss attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**(6,377,115)**

Weighted average number of shares used as the denominator

	2017 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	127,993,750

24 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no significant events after the Balance Date as at the date of this Report.

Directors' Declaration

In the opinion of the Directors:

- the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

    i. giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the period ended on that date; and

    ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

- the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 3.1; and

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

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 31 December 2017.

Signed in Melbourne on 26 February 2018

On behalf of the Board

H Kevin McCann
Chairman

Independent auditor's report

To the members of Telix Pharmaceuticals Limited

Report on the audit of the financial report

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the period 3 January 2017 to 31 December 2017

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

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2017
- the consolidated statement of changes in equity for the period 3 January 2017 to 31 December 2017
- the consolidated statement of cash flows for the period 3 January 2017 to 31 December 2017
- the consolidated statement of total comprehensive income for the period 3 January 2017 to 31 December 2017
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

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

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

Independence

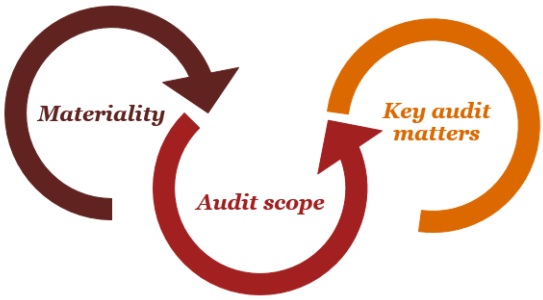
We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our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

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

The Group is focused on the development and commercialisation of molecularly-targeted radiation (MTR) therapy within the oncology industry. During the period ended 31 December 2017, the Group exercised an option to acquire Therapeia GmbH & Co. KG (Therapeia), a pharmaceutical company based in Germany. The Group's finance and management teams are based in Melbourne. The Company incorporated on 3 January 2017, and on 15 November 2017, completed an initial public offering of its equity on the Australian Stock Exchange (ASX).



Materiality

- For the purpose of our audit we used overall Group materiality of $500,000, which represents approximately 1.0% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose total assets because, in our view, it is the benchmark against which the performance of the Group is most commonly measured having regard to the Group's capital raising activities and the limited level of research and development activity over the period since incorporation.
- We selected 1% based on our professional judgement, noting that it is within the range of commonly accepted thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We conducted an audit of the financial information of the parent company, Telix Pharmaceuticals Limited given its financial significance to the Group. The parent company holds the largest share of the Group's total assets and received the proceeds arising from the initial public offering.

- We performed specified risk focused audit procedures on selected balances and transactions for Therapeia GmbH & Co. KG
- We also performed further audit procedures at a Group level, including over business combinations, impairment assessments, consolidation of the Group's reporting units and the presentation of the financial report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Management Committee.

Key audit matter	***How our audit addressed the key audit matter***
Accounting for the acquisition of Therapeia GmbH & Co (Therapeia) *(Refer to note 16)* The Group entered into a contract with Therapeia on the 4 January 2017 (the Therapeia Option Agreement) that provided the Group with an option to acquire Therapeia. The option was exercised on 10 October 2017. This was a key audit matter because of the: • financial significance of the acquisition which resulted in the recognition of goodwill and intangible assets of $1.5 million and borrowings of $1.1 million as of the acquisition date • complexities and judgement required by the Group in determining the fair value of assets and liabilities acquired, particularly relating to the identification and recognition of intangible assets including intellectual property.	Our audit procedures included: • reading the Therapeia Option Agreement, to develop an understanding of the key terms and conditions of the transaction • agreeing the fair value of consideration paid to the agreement and relevant bank statements • agreeing the borrowings value on acquisition date to confirmations obtained from the third party debt holder. With regards to the intellectual property intangible asset identified on acquisition, we performed the following procedures, amongst others: • evaluating the appropriateness of the Group's replacement cost methodology used in determining the fair value. Given the absence of an external marketplace in which similar intellectual property valuations are readily available, we found replacement cost to be a suitable basis of valuation. • performing a sensitivity analysis by adjusting key assumptions and inputs into the replacement cost analysis • considering whether the Group's judgements that the intangible assets acquired currently have an indefinite life because they are not yet ready for use, is in accordance with the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period ended 31 December 2017, including the Letter from the Chairman and CEO, Directors' Report, Shareholder information, Corporate directory and the Corporate Governance Statement, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 9 to 14 of the directors' report for the period 3 January 2017 to 31 December 2017.

In our opinion, the remuneration report of Telix Pharmaceuticals Limited for the period 3 January 2017 to 31 December 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Jon Roberts
Partner

Melbourne
26 February 2018

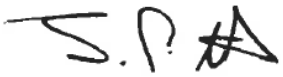
Auditor's Independence Declaration

As lead auditor for the audit of Telix Pharmaceuticals Limited for the period ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Telix Pharmaceuticals Limited and the entities it controlled during the period.



Jon Roberts
Partner
PricewaterhouseCoopers

Melbourne
26 February 2018

Telix Pharmaceuticals Limited ACN 616 620 369

Registered Office

Suite 401, 55 Flemington Road
North Melbourne, VIC 3051
www.telixpharma.com

Share Registry

Shareholder information in relation to shareholding or share transfer can be obtained by contacting the Company's share registry:
Link Market Services, Locked Bag A14,
Sydney South, NSW, 1235
Tel: 1300 554 474
Fax: (02) 9287 0303
Email: registrars@linkmarketservices.com.au
www.linkmarketservices.com.au

For all correspondence to the share registry, please provide your Security-holder Reference Number (SRN) or Holder Identification Number (HIN).

Change of address

Changes to your address can be updated online at www.linkmarketservices.com.au or by obtaining a Change of Address Form from the Company's share registry. CHESS sponsored investors must change their address details via their broker.

Annual General Meeting

The Annual General Meeting is anticipated to be held in Melbourne at 2.00pm, on Thursday 19 April 2018 (location to be confirmed).

Annual report mailing list

All shareholders are entitled to receive the Annual Report. In addition, shareholders may nominate not to receive an annual report by advising the share registry in writing, by fax, or by email, quoting their SRN/HIN.

Securities exchange listing

Telix Pharmaceuticals' shares are listed on the Australian Securities Exchange and trade under the ASX code TLX. The securities of the Company are traded on the ASX under CHESS (Clearing House Electronic Sub-register System)

ASX Shareholder Disclosures

The following additional information is required by the Australian Securities Exchange in respect of listed public companies. The information is current as at 23 January 2018.

Total securities on issue

	Securities (Listed)	Securities (Unlisted)
Fully paid ordinary shares	197,437,500	-
Options to acquire shares	-	6,624,000
Total	**197,437,500**	**6,624,000**

Distribution of equity securities – ordinary shares

23 Jan 2018

Range	Securities	%	No. of holders	%
100,001 and Over	174,769,357	88.52	134	11.71
10,001 to 100,000	20,505,189	10.39	588	51.40
5,001 to 10,000	1,499,031	0.76	186	16.26
1,001 to 5,000	630,553	0.32	196	17.13
1 to 1,000	33,370	0.02	40	3.50
Total	**197,437,500**	**100.00**	**1,144**	**100.00**
Unmarketable Parcels	0	0.00	0	0.00

Voting rights

Shareholders in Telix Pharmaceuticals Limited have a right to attend and vote at general meetings. At a general meeting, individual shareholder may vote in person or by proxy. All quoted and unquoted share options, and convertible notes, have no voting rights.

Substantial shareholders

23 Jan 2018

Substantial shareholder	Securities	%
Gnosis Verwaltungsgesellschaft m.b.H	24,675,000	12.50%
Elk River Holdings Pty Ltd as trustee for The Behrenbruch Family Trust	24,675,000	12.50%
Acorn Capital	10,981,250	5.56%
FIL Investment Management (Hong Kong) Limited	19,743,750	10.00%

Share buy-back

There is no current or planned buy-back of the Company's shares.

Statement in accordance with ASX Listing Rule 4.10.19

The Company confirms that is has used the cash and assets in a form readily convertible to cash at the time of admission in a way consistent with its business objectives.

Twenty largest shareholders - ordinary shares

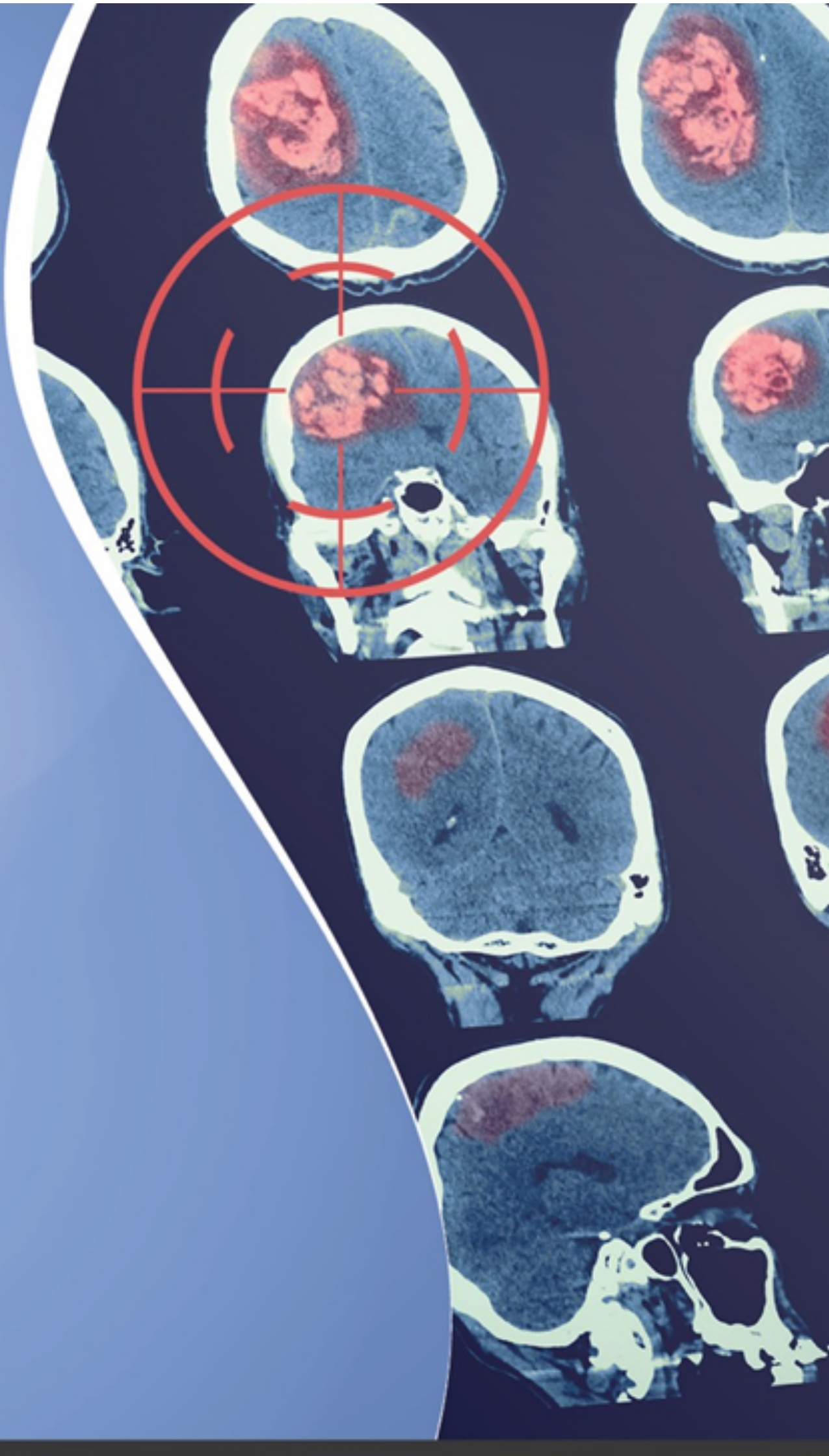
Rank	Name	23 Jan 2018	%IC
1	ELK RIVER HOLDINGS PTY LTD	24,675,000	12.50
1	GNOSIS VERWALTUNGSGESELLSCHAFTM B H	24,675,000	12.50
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,895,257	12.10
3	BNP PARIBAS NOMS PTY LTD	11,615,109	5.88
4	J P MORGAN NOMINEES AUSTRALIA LIMITED	11,175,408	5.66
5	THE ONCIDIUM FOUNDATION	7,050,000	3.57
6	UV-CAP GmbH & CO KG	4,700,000	2.38
7	UV-CAP GmbH & CO	3,075,000	1.56
8	CVC LIMITED	2,937,500	1.49
8	BLUEFLAG HOLDINGS PTY LTD	2,937,500	1.49
9	CYCLOTEK PTY LTD	2,350,000	1.19
10	MAN HOLDINGS PTY LTD	2,238,750	1.13
11	YELWAC PTY LTD	2,025,577	1.03
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,013,138	1.02
13	AGLUB INVESTMENTS PTY LTD	1,827,115	0.93
14	DCL AUSTRALIA PTY LTD	1,468,750	0.74
14	SILVERFLAG INVESTMENTS PTY LTD	1,468,750	0.74
15	TAYCOL NOMINEES PTY LTD	1,386,500	0.70
16	PERPETUAL CORPORATE TRUST LTD	1,316,000	0.67
17	MR DAVID CHONG	1,250,000	0.63
18	AUST EXECUTOR TRUSTEES LTD	1,154,000	0.58
19	RICHARD ZIMMERMANN	1,057,500	0.54
19	EVO-PARTNERS GmbH	1,057,500	0.54
19	ALI ABBASSI	1,057,500	0.54
19	ALEXANDER HOEPPING	1,057,500	0.54
20	PERPETUAL CORPORATE TRUST LTD	1,034,000	0.52
	Total	**140,498,354**	**71.17**
	Balance of register	**56,939,146**	**28.83**
	Grand total	**197,437,500**	**100.00**

Twenty largest shareholders - quoted share options

No share options are quoted.

Holders of greater than 20% unquoted securities

No shareholder owns greater than 20% or more of unquoted equity securities (by class) of the Company.



Corporate Directory

Directors

H Kevin McCann AM (Chair)
Christian Behrenbruch PhD
Andreas Kluge MD PhD
Oliver Buck
Mark Nelson PhD

Company Secretary

Melanie Farris

Registered Office

Telix Pharmaceuticals Limited
401/ 55 Flemington Road
North Melbourne VIC 3051
info@telixpharma.com
www.telixpharma.com

Australian Business Number

85 616 620 369

Securities Exchange Listing

Australian Securities Exchange
ASX Code: TLX

Auditor

PricewaterhouseCoopers
2 Riverside Quay
Southbank VIC 3006

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia
P: 1300 554 474
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W: www.linkmarketservices.com.au