

## 1. Company details

Name of entity:	Novogen Limited
ABN:	37 063 259 754
Reporting period:	For the year ended 30 June 2017
Previous period:	For the year ended 30 June 2016

## 2. Results for announcement to the market

		\$
Revenues from ordinary activities	down	38.7% to 248,837
Loss from ordinary activities after tax attributable to the owners of Novogen Limited	down	11.5% to (10,670,377)
Loss for the year attributable to the owners of Novogen Limited	down	11.5% to (10,670,377)

### *Dividends*

There were no dividends paid, recommended or declared during the current financial period.

### *Comments*

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$10,670,377 (30 June 2016: \$12,062,656).

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.95</u>	<u>7.70</u>

## 4. Control gained over entities

Name of entities (or group of entities)	Glioblast Pty Ltd
Date control gained	31 October 2016

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)

## 5. Loss of control over entities

Name of entities (or group of entities)	Triaxial Pharmaceuticals Pty Ltd
Date control lost	20 December 2016

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)

## 6. Dividends

### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

## **7. Dividend reinvestment plans**

Not applicable.

## **8. Details of associates and joint venture entities**

Not applicable.

## **9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

## **10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an unqualified opinion has been issued.

## **11. Attachments**

*Details of attachments (if any):*

The Directors' report and financial statements of Novogen Limited for the year ended 30 June 2017 is attached.

## **12. Signed**



Signed

Mr Iain Ross  
Chairman

Date: 29 August 2017

**Novogen Limited**

**ABN 37 063 259 754**

**Directors' report and financial statements - 30 June 2017**

Directors	Mr Bryce Carmine Mr Iain Ross Dr James Garner Mr Steven Coffey
Company secretary	Ms Kate Hill
Registered office	Level 5 20 George St Hornsby NSW 2077 Tel: +61 2 9472 4100 Fax: +61 2 9476 0388
Principal place of business	Level 5 20 George St Hornsby NSW 2077
Share register	Computershare Investor Services Pty Limited Level 4 60 Carrington Street Sydney NSW 2000 Tel: 1300 787 272
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Stock exchange listing	Novogen Limited shares are listed on the Australian Securities Exchange (ASX code: NRT) Novogen Limited's ordinary shares trade in the United States in the form of ADRs on the NASDAQ Capital Market. Each ADR represents twenty-five ordinary Novogen shares. The trading symbol on NASDAQ is 'NVGN'. On 14 July 2017 this ratio was changed such that from that date each ADR represents one hundred ordinary Novogen shares. Novogen Limited options are listed on the Australian Securities Exchange (ASX code NRTO)
Website	<a href="http://www.novogen.com">www.novogen.com</a>

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Novogen Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2017.

### **Directors**

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

Bryce Carmine  
Steven Coffey  
James Garner  
Peter Gunning (resigned 5 September 2016)  
John O'Connor (resigned 8 June 2017)  
Ian Phillips (resigned 8 June 2017)  
Iain Ross - Note 1

Note 1- Iain Ross was appointed as a Non-Executive Director on 22 July 2015 and acted in an executive capacity until the appointment of James Garner on 1 February 2016. He was appointed as Chairman on 8 June 2017.

### **Principal activities**

During the financial year the principal continuing activity of the consolidated entity consisted of pharmaceutical research and development.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Review of operations**

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$10,670,377 (30 June 2016: \$12,062,656).

The attached financial statements detail the performance and financial position of the consolidated entity for the year ended 30 June 2017.

### *Cash resources*

At 30 June 2017, the consolidated entity had total funds of \$14,454,784, comprising cash in hand and at bank of \$8,454,784 and short term deposits of \$6,000,000.

### *Going concern*

The financial statements have been prepared on a going concern basis. The Directors have considered this to be appropriate. Refer to 'Going concern' in note 2 to the financial statements for further details.

### *Rounding of amounts*

The Company is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

#### *Research and development report*

The company's lead development candidate is GDC-0084, a small molecule inhibitor of the PI3K / Akt / mTor pathway, that is being developed as a potential therapy for glioblastoma multiforme (GBM), the most common malignant and highly aggressive form of primary brain tumor in adults.

GDC-0084 was developed by Genentech, Inc (South San Francisco, California) and the company entered into a worldwide exclusive license for the asset in October 2016. Prior to this transaction, Genentech had completed an extensive preclinical development program that provided convincing validation for GDC-0084 as a potential drug for brain cancer. Genentech also completed a phase I clinical trial in 47 patients with advanced grade III and grade IV glioma. The most common adverse events were oral mucositis and hyperglycemia. Per RANO criteria, 40% of patients exhibited a best observable response of stable disease, and 26% demonstrated a metabolic partial response on FDG-PET.

Since completing the license transaction, the company has transferred all relevant data from Genentech, has assumed responsibility for prosecuting the intellectual property associated with the asset, and has taken over the open Investigational New Drug (IND) application with the United States Food and Drug Administration (FDA). The company intends to commence a phase II clinical trial in GBM during calendar 2017, and has been in consultation with expert neuro-oncologists in the United States to develop an appropriate study design. The company has also commenced manufacture of capsules for use in the clinical trial, having received 48.8kg of drug substance as part of the transaction with Genentech.

Cantrixil (TRX-E-002-1) is the company's second clinical asset, and is derived from a proprietary drug discovery program. It is being developed as a potential therapy for ovarian cancer.

Research undertaken by Yale University (New Haven, Connecticut) has provided preclinical evidence that Cantrixil is active against both differentiated cancer cells and tumour-initiating cells (sometimes referred to as 'cancer stem cells'). The latter are thought to be an important component of chemotherapy resistance and disease recurrence in diseases such as ovarian cancer, and thus Cantrixil has potential to offer benefit to the approximately three-quarters of ovarian cancer patients who are not adequately managed by conventional chemotherapy treatments.

In December 2016, the company commenced a phase I clinical trial of Cantrixil in patients with ovarian cancer. The study will seek to establish the safety and tolerability of the development candidate, to determine a Maximum Tolerated Dose (MTD), and to explore indicative signals of clinical efficacy. Five trials sites in the United States and Australia are currently recruiting to the study, and the company anticipates being in a position to disclose initial data in late 2017 or early 2018, subject to ongoing progress of the trial.

The company maintains two active preclinical programs. Trilexium (TRX-E-009-1) is chemically related to Cantrixil and has shown in vitro and in vivo evidence of activity against a range of cancer cell lines and tumor models. The company continues to explore a range of opportunities to realize value from this asset in the context of emerging data from the Cantrixil program.

In February 2017, the company announced that it had been successfully awarded a CRC-P grant by the Federal Government in the amount of AU\$ 3 million over three years to support an additional preclinical program focused on development of a 'next-generation anti-tropomyosin' agent. A significant body of research has validated tropomyosin as a potential anti-cancer target, and the company will devote the grant funds to exploring novel approaches to developing anti-cancer agents based on this mechanism.

In April 2017, the company announced termination of its pre-IND development candidate, Anisina (ATM-3507), on the basis of unpromising emergent preclinical data.

#### **Significant changes in the state of affairs**

##### *Resignation of Company Secretary and appointment of new Company Secretary*

Mr Lionel Mateo resigned as Company Secretary on 9 September 2016 and Ms Kate Hill was appointed as Interim Company Secretary on the same day. She was then appointed as Company Secretary on 6 March 2017.

### *Appointment of Scientific Advisory Board (SAB)*

On 5 September 2016 Novogen announced the appointment of a Scientific Advisory Board, a consultative advisory body, providing input and guidance to scientific programs but with no formal governance role. Reporting to the CEO, members of the SAB are appointed for two-year terms, with appointments renewable by mutual agreement.

The SAB initially includes four newly-appointed members, including Professor Peter Gunning, who stepped down as a Non-Executive Director of Novogen at this time. The inaugural membership of the SAB includes:

- Professor Sir Murray Brennan, GNZM – Chairman Emeritus of the Department of Surgery, Benno C Schmidt Chair in Clinical Oncology, and Vice President of International Programs, at Memorial Sloan Kettering Cancer Center, New York.
- Dr Karen Ferrante – former Chief Medical Officer at Millennium Pharmaceuticals and former Head of Oncology Development at Pfizer Inc (NYSE: PFE).
- Professor Alex Matter, Chairman and Chief Executive Officer of the Experimental Therapeutics Centre, and also Chief Executive Officer of the D3 Platform, both part of A\*STAR, the Agency for Science, Technology, and Research, in Singapore. Emeritus Professor of the Medical Faculty of the University of Basel, and an Honorary Adjunct Professor of the Department of Pharmacology in the Yong Loo Lin School of Medicine at the National University of Singapore.
- Professor Peter Gunning, Head of the School of Medical Sciences at the University of New South Wales.

### *Changes in Key Management Personnel*

Dr Gordon Hirsch was appointed as Chief Medical Officer in November 2016, with responsibility for overseeing the planning and conduct of the clinical studies for the consolidated entity's assets.

Dr Peng Leong was appointed as Chief Business Officer in September 2016, with responsibility for overseeing the business development of the consolidated entity.

Gabrielle Heaton was appointed as Director, Finance and Administration in March 2017.

During the year the following Key Management Personnel tendered their resignations: Dr Andrew Heaton, Head of Discovery and President and CEO of Novogen North America, Dr David Brown, Chief Scientific Officer and Cristyn Humphreys, Chief Financial Officer.

### *Listing of options*

On 30 September 2015, the consolidated entity applied for the listing of options issued pursuant to the rights entitlement offer completed on 6 June 2015. A total of 29,485,999 were listed under the ticker NRTO on the ASX.

On 11 July 2016, the consolidated entity added 2,000,000 options to the NRTO listing by amending the expiry date of options issued on 30 June 2015. The expiry dates of these options was changed to 4 June 2020, instead of 30 June 2020, in order to merge them with the NRTO listed options.

Both listing of options were approved by ASX following the grant of a waiver for each application.

### *Submission and approval of Investigational New Drug application to FDA*

On 11 August 2016 the consolidated entity announced an Investigational New Drug (IND) application had been lodged to the United States Food and Drug Administration (FDA) for Cantrixil (TRX-E-002-1) in ovarian cancer. The IND application is the key regulatory filing to initiate clinical trials in the USA. On 12 September 2016, the consolidated entity announced it had received confirmation from the FDA that the application had been successfully opened, and the phase 1 study of Cantrixil in patients with ovarian cancer could proceed as planned.

#### *Inlicensing of GDC-0084 and acquisition of Glioblast Pty Ltd*

On 31 October 2016, the consolidated entity entered into a worldwide licensing agreement with Genentech, a member of the Roche Group, to develop and commercialise GDC-0084, a small molecule inhibitor of the phosphoinositide-3-kinase (PI3K) pathway.

Under the terms of the agreement, Novogen paid Genentech an upfront payment of US\$ 5 million. In addition the terms of the agreement call for performance-related consideration linked to regulatory and commercial outcomes and royalty payments in-line with industry benchmarks.

On 31 October 2016, the consolidated entity also acquired 100% of the issued shares of Glioblast Pty Ltd, a privately-held, neuro-oncology-focused Australian biotechnology company. The transaction included an upfront payment of AU\$ 2.1 million, comprising AU\$ 600,000 in cash and ordinary fully-paid shares valued at AU\$1.5 million, with the actual number of shares determined on the basis of the volume-weighted average price of Novogen shares on the ASX in the seven days prior to this announcement.

The shareholders of Glioblast will be eligible for further payments in cash or equity on the achievement of performance-related milestones.

#### *Conversion of convertible notes and issue of Options*

During the year ended 30 June 2013 the Company issued Convertible Notes with a face value of \$1,500,000 in consideration of the acquisition of patents and intellectual property assets. The terms of these Convertible Notes was amended on 4 December 2014 (note 25). During the financial year, Novogen reached two milestones which triggered the conversion of a portion of its Convertible Notes. On 14 September 2016 the directors approved the issue of 20,000,000 ordinary shares as a consequence of a conversion of a portion of the Convertible Notes, and on 31 October 2016 a further 16,000,000 ordinary shares were issued as a result of the conversion of a further portion of the Convertible Notes.

#### *Enrolment of First Patient into Phase I Study of Cantrixil*

On 6 December 2016, The consolidated entity enrolled the first patient into its first-in-human, phase I clinical study for Cantrixil (TRX-E-002-1) in ovarian cancer. Opening the study represents an important clinical and commercial milestone for Novogen.

#### *Novogen awarded grant of up to \$3m for novel drug discovery*

In February 2017 the consolidated entity was awarded a cash grant of up to \$3 million over three years to fund a collaboration led by Novogen, the University of New South Wales and a privately held contract research organisation. The grant has been awarded to fund development of a next-generation anti-tropomyosin program, which is intended to provide potential new therapies for cancer. This research is distinct from Novogen's existing anti-tropomyosin program, ATM-3507.

#### *Novogen terminates ATM-3507 preclinical development program*

In April 2017, the company announced termination of its pre-IND development candidate, Anisina (ATM-3507), on the basis of unpromising emergent preclinical data.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

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

Novogen issued 2,240,000 unlisted Options with exercise price of \$0.0668 on 7 August 2017. Options vest in four equal tranches on the anniversary of the issue date and will be fully vested on 7 August 2021. The Options expire on 7 August 2022. Upon exercise, Options convert into Ordinary Shares.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### Likely developments and expected results of operations

The consolidated entity has a reasonable expectation that over the course of the coming 12 months:

- Results reported from the phase I clinical trial of Cantrixil (TRX-E-002-1)
- Commencement of a phase II clinical trial for GDC-0084

### Environmental regulation

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

### Information on directors

Name:	Bryce Carmine
Title:	Non-Executive Director
Qualifications:	B.Sc., Biochemistry, Microbiology & Genetics
Experience and expertise:	Bryce spent 36 years working for Eli Lilly & Co. and retired as Executive Vice President for Eli Lilly & Co., and President, Lilly Bio-Medicines. Prior to this he lead the Global Pharmaceutical Sales and Marketing and was a member of the company's Executive Committee. Mr Carmine previously held a series of product development portfolio leadership roles culminating when he was named President, Global Pharmaceutical Product Development, with responsibility for the entire late-phase pipeline development across all therapeutic areas for Eli Lilly. During his career with Lilly, Bryce held several country leadership positions including President Eli Lilly Japan, Managing Dir. Australia/NZ & General Manager of a JV for Lilly in Seoul, Korea.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Remuneration and Nominations Committee, Chair of Scientific Committee, Member of Audit, Risk and Governance Committee, Member of Strategy and Innovation Committee.
Interests in shares:	318,181 ordinary shares
Interests in options:	None
Contractual rights to shares:	None
Name:	Steven Coffey
Title:	Non-Executive Director
Qualifications:	B. Comm., CA
Experience and expertise:	Steven is a Chartered Accountant, having spent his career in public practice since graduating from the University of New South Wales in 1983. He has been a partner in the chartered accounting firm Watkins Coffey Martin since 1993. He is a registered company auditor and audits a number of large private companies as well as a number of not-for-profit entities. He has previously served on the board of an Australian listed public company. Steve is currently a board member of a private family foundation.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit, Risk and Governance Committee, Member of Remuneration and Nomination Committee, Member of Strategy and Innovation Committee.
Interests in shares:	1,420,000 ordinary shares
Interests in options:	58,747 listed options (NRTO)

Name:	John O'Connor
Title:	Chairman (resigned on 8 June 2017)
Qualifications:	BEC, MAICD
Experience and expertise:	John has spent his working life in the financial industry. In this time he has worked both in funds management and as a stockbroker. He has worked in the UK, USA and in Australia. He has held management roles and been a partner in securities businesses. He served on the Board of Lonsec Securities, a Zurich Insurance owned business, for several years. He has been a consultant to several biotech businesses, including MEI Pharma, Inc. assisting with fundraising.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	325,035 ordinary shares
Interests in options:	23,218 listed options (NRTO)
Name:	Prof Peter Gunning
Title:	Non-Executive Director (resigned on 5 September 2016)
Qualifications:	B.Sc (Hons), Ph.D
Experience and expertise:	Peter is the current Head of the School of Medical Sciences and was, until September 2015, Deputy Dean (Research) in the Faculty of Medicine at the University of NSW, Sydney, Australia. His research is focused on the development of new therapeutic strategies for the treatment of childhood cancer. These strategies target the skeleton of the cancer cell and build on the principles of cell architecture that Professor Gunning's group has discovered over the last 20 years. Professor Gunning has published over 150 primary research articles and he edited the first book devoted to his field of research. Previous appointments have included leadership roles as Chair of the Division of Research at The Children's Hospital at Westmead, Chair of the Westmead Research Hub Executive and Chair, Board of Bio-Link, a company established by the NSW Government to support commercialisation of biomedical intellectual property. Peter is currently a member of the Board of the Cancer Institute NSW.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit, Risk and Governance Committee, Member of Scientific Committee, Member of the Strategy and Innovation Committee
Interests in shares:	None
Interests in options:	None
Name:	Dr James Garner
Title:	Chief Executive Officer, Managing Director
Qualifications:	MA, MBA, MBBS, BSc (Hons)
Experience and expertise:	Dr Garner is an experienced life sciences executive who has previously worked with companies ranging from small biotechs to multinational pharmaceutical companies such as Biogen and Takeda. His career has focused on regional and global development of new medicines from preclinical to commercialisation. Dr Garner is a physician by training and holds an MBA from the University of Queensland. He began his career in hospital medicine and worked for a number of years as a corporate strategy consultant with Bain & Company before entering the pharmaceutical industry. Prior to joining Novogen in 2016, he led R&D strategy for Sanofi in Asia-Pacific and was based in Singapore.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Scientific Committee, Member of Strategy and Innovation Committee
Interests in shares:	500,000 ordinary shares
Interests in options:	7,500,000 options with various exercise prices and expiring 1 February 2021.

Name:	Ian M. Phillips, MNZM
Title:	Non-Executive Director (resigned on 8 June 2017)
Experience and expertise:	Ian M. Phillips, MNZM, has been involved with International Banking, global financial markets and Corporate Finance for over 30 years having worked in New York (20 years plus), London (5 years), Singapore (6 months), Sydney (5 years) and Wellington (4 years). Ian is the President of KUMARA, Chairman of NNP, Deputy Chairman of the American Australian Association, Immediate past President of the American Friends of the NGA, Chairman of ANZA, an Advisory Board of the US-NZ Council and a Board member of the American friends of Christchurch. Ian studied at Otago University, University of Colorado and London School of Economics. He holds dual citizenship USA & NZ. In 2013, Ian was awarded the NZ Order of Merit.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Remuneration and Nomination Committee, Chairman of Strategy and Innovation Committee
Interests in shares:	70,000 ordinary shares
Interests in options:	None
Name:	Iain Ross
Title:	Non-Executive Director, Chairman (appointed on 8 June 2017)
Qualifications:	B.Sc (Hons), C.Dir
Experience and expertise:	Iain, based in the UK, is an experienced Director on a number of Australian company boards. He is Chairman of e-Therapeutics plc (LSE:ETX), Redx Pharma plc (LON:REDX) and Biomer Technology Limited. In his career he has held senior positions in Sandoz AG, Fisons Plc, Hoffmann-La Roche AG and Celltech Group Plc and also undertaken a number of start-ups and turnarounds on behalf of banks and private equity groups. His track record includes multiple financing transactions having raised in excess of £300 million, both publicly and privately, as well as extensive experience of divestments and strategic restructurings and has over 20 years in cross-border management as a Chairman and CEO. He has led and participated in four London Stock Exchange ('LSE') Initial Public Offerings, and has direct experience of mergers and acquisitions transactions in Europe, USA and the Pacific Rim.
Other current directorships:	Anatara Lifesciences Limited, e-Therapeutics plc (LSE: ETX), Premier Veterinary Group Plc (LSE: PVG), Redx Pharma plc (LON:REDX)
Former directorships (last 3 years):	Coms Plc, Tissue Therapies Limited, Benitec Biopharma Limited
Special responsibilities:	Member of Remuneration and Nomination Committee, Member of Scientific Committee, Member of Audit, Risk and Governance Committee, Member of Strategy and Innovation Committee
Interests in shares:	2,200,000 ordinary shares
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

### **Company secretary**

Mr Lionel Mateo resigned as Company Secretary 9 September 2016. Ms Kate Hill (ACA, GAICD, BSc (Hons)) was appointed Interim Company Secretary on 9 September 2016. She was appointed as Company Secretary on 6 March 2017.

Kate has over 20 years' experience as an audit partner with Deloitte Touche Tohmatsu, working with ASX listed and privately owned clients. She has worked extensively in regulated environments including assisting with Initial Public Offerings, capital raising and general compliance, as well as operating in an audit environment. She is also a Non-executive Director of Countplus Limited(ASX:CUP) and a small not-for-profit organisation.

### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each director were:

	Full Board		Audit, Risk & Governance Committee		Remuneration & Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Bryce Carmine	16	16	2	2	-	-
Ian Phillips (resigned 8 June 2017)	15	15	2	2	-	-
Iain Ross	16	16	1	1	1	2
James Garner	16	16	-	-	2	3
John O'Connor (resigned 8 June 2017)	15	15	-	-	-	-
Peter Gunning (resigned 5 September 2016)	3	3	1	1	-	-
Steven Coffey	16	16	-	-	3	3
	Strategy & Innovation Committee		Scientific Committee		Scientific Committee	
	Attended	Held	Attended	Held	Attended	Held
Bryce Carmine	2	2	5	5	-	-
Ian Phillips (resigned 8 June 2017)	2	2	-	-	4	5
Iain Ross	2	2	5	5	-	-
James Garner	2	2	2	2	2	2
John O'Connor (resigned 8 June 2017)	2	2	-	-	-	-
Peter Gunning (resigned 5 September 2016)	2	2	2	2	-	-
Steven Coffey	2	2	-	-	-	-

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

The Committees of the Board were re-organised and members were re-appointed following the appointment of CEO, Deputy Chairman and Chairman, in February 2016, and again after the re-structuring of the Board in June 2017.

### Remuneration report (audited)

The remuneration report, which has been audited, outlines the Key Management Personnel ('KMP') remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

### **Principles used to determine the nature and amount of remuneration**

#### *Remuneration philosophy*

Remuneration for Directors and Senior Executives is based on the overall objective of attracting and retaining people of high quality who will make a worthwhile contribution to the consolidated entity in the short, medium and long term, and thereby contribute to long term shareholder value. The Board and its Remuneration and Nomination Committee take a balanced position between the need to pay market rates to attract talent, and the financial resources of the consolidated entity, in determining remuneration. In particular, during the year ended 30 June 2017, the Board and the Remuneration and Nomination Committee have focused on hiring Senior Executives with appropriate global experience in the pharmaceutical industry so that the entity is best placed to deliver on the revised strategy. The Board and the Remuneration and Nomination Committee note that there is a level of overlap of KMP during the financial year, with certain executives leaving the Company and other new executives joining the team. Such overlap is not anticipated to exist in future years.

The Board and the Remuneration and Nomination Committee have put in place both short term (cash bonus) and long term (employee share options) incentives for its employees.

#### *Non-Executive Directors remuneration*

The Constitution of the consolidated entity and the ASX listing rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by General Meeting. The last determination for the consolidated entity was at the Annual General Meeting held on 28 October 2005 when the shareholders approved an aggregate remuneration of \$560,000.

Non-Executive Directors' fees are reviewed periodically by the Board and are regularly compared with those of companies of comparable market capitalisation and stage of development. The Chairman and Deputy Chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The Non-Executive Directors fee structure is a fixed fee model (inclusive of superannuation). Since the end of the financial year the Non-Executive fee structure has been further reviewed and simplified, with an overall reduction in the number of Non-Executive Directors and their individual fee arrangements. Non-Executive Directors fees for the year ending 30 June 2018 are anticipated to amount to less than \$300,000.

#### *Executive Directors and other KMP*

The Board, the Remuneration and Nomination Committee in consultation with the Managing Director have put in place a performance based short-term incentive, in addition to the fixed remuneration, and long-term incentive based on tenure via the ESOP. The Board determines an appropriate level of fixed remuneration for the CEO and Group Executives, as well as the proportion of performance based remuneration. Fixed remuneration, consisting of base salary and superannuation, is reviewed annually at the end of each calendar year.

The executive remuneration and reward framework has three components:

- fixed remuneration
- short-term performance incentives
- share-based payments

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee based on individual performance, the overall performance of the consolidated entity and comparable market remunerations.

The short-term incentives program is designed to align the targets of the consolidated entity with the performance hurdles of executives. Short-term incentive payments are granted to executives based on specific annual performance objectives, metrics and performance appraisals. Annual performance reviews are conducted at the end of each calendar year and bonuses are paid shortly after the performance reviews are completed.

The Board or the Remuneration and Nomination Committee may, at its discretion, award bonuses for exceptional performance.

The long-term incentive comprises equity-based payments. The consolidated entity aims to attract and retain high calibre executives, and align their interests with those of the shareholders, by granting equity-based payments based on tenure. The share-options issued to executives are governed by the ESOP.

#### *Employee share option plan*

The Employee Share Option Plan ('ESOP') was approved by shareholders on 4 March 2015.

The ESOP provides for the issue of options to eligible individuals, being employees or Officers of the consolidated entity, however it excludes Non-Executive Directors.

Each option issued under the ESOP entitles its holder to acquire one fully paid ordinary share and is exercisable at a price based on a formula, which includes the weighted average price of such shares at the close of trading on the Australian Securities Exchange for the seven days prior to the date of issue. The number of options offered, the amount payable, the vesting period, the option period, the conditions of exercise or any other factors are at the discretion of the Board of Directors.

The consolidated entity issued 5,120,000 share options under the ESOP during the financial year that ended 30 June 2017.

Any change to the ESOP will require approval by shareholders.

*Use of remuneration consultants*

During the financial year ended 30 June 2017, the consolidated entity did not engage remuneration consultants.

***Details of remuneration***

***Amounts of remuneration***

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The KMP of the consolidated entity consisted of the following directors of Novogen Limited:

- Bryce Carmine - Non-Executive Director, Deputy Chairman
- Steven Coffey - Non-Executive Director
- Dr James Garner - Managing Director, CEO
- Prof Peter Gunning -Non-Executive Director (resigned 5 September 2016)
- John O'Connor - Non-Executive Director, Chairman (resigned 8 June 2017)
- Ian Phillips - Non-Executive Director (resigned 8 June 2017)
- Iain Ross - Non-Executive Director, Chairman (appointed 8 June 2017)

And the following persons:

- Dr David Brown - Chief Scientific Officer (resigned 10 March 2017)
- Dr Andrew Heaton - CEO and President of Novogen North America, Inc. (resigned 10 March 2017)
- Gabrielle Heaton - Director of Finance and Administration (appointed 13 March 2017)
- Kate Hill - Interim Company Secretary (appointed 9 September 2016), Company Secretary (appointed 6 March 2017)
- Dr Gordon Hirsch - Chief Medical Officer (appointed 21 November 2016)
- Cristyn Humphreys - Chief Financial Officer (resigned 15 March 2017)
- Dr Peng Leong - Chief Business Officer (appointed 1 September 2016)
- Lionel Mateo - Company Secretary (resigned 9 September 2016)

2017	Short-term benefits						Post-employment benefits	Share-based payments							
	Movements in accrued leave			Health Insurance	Termination	Super- annuation									
	Cash salary and fees	Cash bonus	Non- monetary												
<b>2017</b>															
<b>Total</b>															
<i>Non-Executive Directors:</i>															
B Carmine	117,123	-	-	-	-	11,127	-	128,250							
S Coffey	46,338	-	-	-	-	35,000	-	81,338							
P Gunning*	12,639	-	-	-	-	1,201	-	13,840							
J O'Connor*, ***	145,685	-	-	-	-	17,403	-	163,088							
I Phillips*, ***	79,713	-	-	-	-	-	-	79,713							
I Ross	84,822	-	-	-	-	-	-	84,822							
<i>Executive Directors:</i>															
J Garner	410,412	90,000	25,755	3,758	-	35,283	259,454	824,662							
<i>Other Key Management Personnel:</i>															
A Heaton*, **, ****	238,241	37,883	(34,442)	6,146	174,592	-	-	422,420							
C Humphreys*	141,191	23,760	(4,934)	-	-	14,470	11,884	186,371							
D Brown*, ****	203,754	32,588	(21,096)	-	140,780	13,797	-	369,823							
G Heaton*	52,308	-	4,024	-	-	4,969	-	61,301							
G Hirsch*	215,857	6,904	16,621	-	-	18,861	46,055	304,298							
K Hill*	113,200	-	-	-	-	-	-	113,200							
L Mateo*	25,192	-	1,095	-	-	2,364	-	28,651							
P Leong*, **	394,811	-	15,001	28,717	-	-	85,864	524,393							
	<b>2,281,286</b>	<b>191,135</b>	<b>2,024</b>	<b>38,621</b>	<b>315,372</b>	<b>154,475</b>	<b>403,257</b>	<b>3,386,170</b>							

\* Remuneration for the duration of appointment as KMP

\*\* Salary paid in US dollars, but disclosed in Australian dollars using a conversion rate of .7545.

\*\*\* In addition to the above amounts, consultancy fees of \$20,531 were paid to Kumara Inc, a corporation in which Ian Phillips is a Director and has a beneficial interest, and consultancy fees of \$37,500 were paid to John O'Connor. These fees were incurred in respect of executive duties performed during the year and, in accordance with the Company's Constitution, fall outside of the cap on Non-Executive Directors fees.

\*\*\*\* Consistent with their contractual terms, amounts of \$140,780 and \$174,592 were paid to D Brown and A Heaton respectively, in lieu of notice.

The table above does not include long service leave as no KMP have been employed by the consolidated entity for more than 5 years.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$				
<b>2016</b>							
<i>Non-Executive Directors:</i>							
B Carmine*	73,483	-	-	3,167	-	-	76,650
S Coffey	30,700	-	-	35,000	-	-	65,700
P Gunning	60,000	-	-	5,700	-	-	65,700
J O'Connor	97,084	-	-	9,223	-	-	106,307
I Phillips*	133,861	-	-	-	-	-	133,861
I Ross*	65,700	-	-	-	-	-	65,700
<i>Executive Directors:</i>							
G Kelly *	72,795	-	(63,178)	9,891	199,875	-	219,383
J Garner *	166,663	-	10,752	15,833	-	120,543	313,791
<i>Other Key Management Personnel:</i>							
L Mateo	120,416	4,824	(4,548)	11,898	-	24,199	156,789
D Brown	279,574	11,876	9,733	19,308	-	-	320,491
A Heaton**	348,414	14,961	(13,641)	3,902	-	-	353,636
C Humphreys	162,399	7,306	(3,451)	16,122	-	38,718	221,094
	<b>1,611,089</b>	<b>38,967</b>	<b>(64,333)</b>	<b>130,044</b>	<b>199,875</b>	<b>183,460</b>	<b>2,099,102</b>

\* Remuneration for the duration of appointment as KMP

\*\* Salary paid in US dollars, but disclosed in Australian dollars using a conversion rate of .7283

\*\*\* In addition to the above amounts, consultancy fees of \$266,247 were paid to Gladstone Consultancy Partnership, an entity in which Iain Ross has a beneficial interest. Furthermore, consultancy fees of \$120,137 were paid to Kumara Inc, a corporation in which Ian Phillips is a Director and has a beneficial interest. These fees were incurred in respect of executive duties performed during the year and, in accordance with the Company's Constitution, fall outside of the cap on Non-Executive Directors fees.

The table above does not include long service leave as no KMP have been employed by the consolidated entity for more than 5 years.

The relative proportions of remuneration that are linked to performance and those that are at risk

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2017	2016	2017	2016	2017	2016
<i>Executive Directors:</i>						
James Garner	58%	62%	11%	-	31%	38%
<i>Other Key Management Personnel:</i>						
Andrew Heaton	91%	96%	9%	4%	-	-
Cristyn Humphreys	81%	79%	13%	3%	6%	18%
David Brown	91%	96%	9%	4%	-	-
Gabrielle Heaton	100%	-	-	-	-	-
Gordon Hirsch	83%	-	2%	-	15%	-
Kate Hill	100%	-	-	-	-	-
Lionel Mateo	100%	81%	-	3%	-	16%
Peng Leong	84%	-	-	-	16%	-

*Consequences of performance on shareholder wealth*

The earnings of the consolidated entity for the five years to 30 June 2017 are summarised below:

	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$
Loss after income tax	(784,560)	(7,568,725)	(7,306,045)	(12,154,527)	(10,670,377)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2013	2014	2015	2016	2017
Share price at financial year end (\$)	0.19	0.14	0.22	0.10	0.05
Basic earnings per share (cents per share)	(0.90)	(4.76)	(2.99)	(2.82)	(2.28)

*Voting and comments made at the consolidated entity's last Annual General Meeting*

The consolidated entity received 83.58% of "yes" votes on its Remuneration Report for the financial year ending 30 June 2016. The consolidated entity received no specific feedback on its Remuneration Report at the Annual General Meeting.

*Bonuses included in remuneration*

Details of the short-term incentive cash bonuses awarded as remuneration to each key management personnel, the percentage of the possible amount that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years.

	<b>Included in Remuneration (\$)</b>	<b>Percentage possible amount paid during the year</b>	<b>Percentage of possible amount forfeited during the year</b>
<i>Executive Director</i>			
James Garner	\$90,000	75%	25%
<i>Other Key Management Personnel</i>			
Andrew Heaton	\$37,883	93%	7%
Cristyn Humphreys	\$23,760	100%	-
David Brown	\$32,588	99%	1%
Gordon Hirsch	\$6,904	100%	-

*Service agreements*

It is the Remuneration and Nomination Committee policy that employment contracts are entered into with each of the executives who is considered to be KMP. Under the terms of the contracts, remuneration is reviewed at least annually (or more often at the discretion of the Remuneration and Nomination Committee). The employment contracts of KMPs include a termination clause whereby a party can terminate the agreement on notice. Such notice may vary between 4 weeks and 6 months. Under the terms of each contract, payment in lieu can be made by the consolidated entity to substitute the notice period. In the event of the consolidated entity terminating without cause, under the terms of some contracts, the amount payable on termination is equal to six months remuneration, in addition to any amount payable in lieu of notice. The consolidated entity may terminate the contracts at any time without cause if serious misconduct has occurred. In the event that employment is terminated for cause, no severance pay or other benefits are payable by the consolidated entity.

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	James Garner
Title:	Chief Executive Officer, Managing Director
Agreement commenced:	1 February 2016
Term of agreement:	Full-time employment
Details:	Base salary from 1 February 2017 of \$425,000 (previously \$400,000), to be reviewed annually by the Remuneration and Nomination Committee. James's appointment with the consolidated entity may be terminated with the consolidated entity giving 6 months' notice or by James giving 6 months' notice. The consolidated entity may elect to pay James equal amount to that proportion of his salary equivalent 6 months' pay in lieu of notice, together with any outstanding entitlements due to him.
Name:	Gabrielle Heaton
Title:	Director of Finance and Administration
Agreement commenced:	13 March 2017
Term of agreement:	Full time employment
Details:	Base salary for the year ending 30 June 2017 of \$170,000, to be reviewed annually by the Remuneration and Nomination Committee. Gabrielle's appointment with the consolidated entity may be terminated with the consolidated entity giving 4 weeks' notice or by Gabrielle giving 4 weeks' notice. The consolidated entity may elect to pay Gabrielle equal amount to that proportion of her salary equivalent 4 weeks' pay in lieu of notice, together with any outstanding entitlements due to her.
Name:	Gordon Hirsch
Title:	Chief Medical Officer
Agreement commenced:	21 November 2016
Term of agreement:	Full-time employment
Details:	Base salary for the year ending 30 June 2017 of \$351,841, to be reviewed annually by the Remuneration and Nomination Committee. Gordon's appointment with the consolidated entity may be terminated with the consolidated entity giving 12 weeks' notice or by Gordon giving 4 weeks' notice. The consolidated entity may elect to pay Gordon equal amount to that proportion of his salary equivalent 12 weeks' pay in lieu of notice, together with any outstanding entitlements due to him.
Name:	Kate Hill
Title:	Company Secretary
Agreement commenced:	9 September 2016
Term of agreement:	Part-time contractor
Details:	Base remuneration for the year ending 30 June 2017 of \$113,200, to be reviewed annually by the Remuneration and Nomination Committee. The contract is open ended. Kate's appointment with the consolidated entity may be terminated with the consolidated entity giving 60 days' notice or by Kate giving 60 days' notice.
Name:	Peng Leong
Title:	Chief Business Officer
Agreement commenced:	1 September 2016
Term of agreement:	Full-time employment
Details:	Base salary for the year ending 30 June 2017 of US\$300,000 to be reviewed annually by the Remuneration and Nomination Committee. Peng also receives an annual stipend of USD 26,000 to provide health cover. Peng's appointment with the consolidated entity may be terminated with the consolidated entity giving 90 days' notice or by Peng giving 90 days' notice. The consolidated entity may elect to pay Peng equal amount to that proportion of his salary equivalent 90 days' pay in lieu of notice, together with any outstanding entitlements due to him.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

### **Share-based compensation**

#### *Issue of shares*

There were no shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2017.

#### *Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other Key Management Personnel in this financial year or future reporting years are as follows:

Grant date	Number	Vesting	Exercisable		Exercise Price	Fair value per option at grant date
	Of options	Date	Date	Expiry date		
15-October-2015	266,667	16-11-16	16-11-17	16-November-2020	\$0.220	\$0.128
01-February-2016	750,000	01-08-16	01-08-16	01-February-2021	\$0.198	\$0.081
01-February-2016	750,000	01-02-17	01-02-17	01-February-2021	\$0.198	\$0.081
01-February-2016	750,000	01-08-17	01-08-17	01-February-2021	\$0.198	\$0.081
01-February-2016	750,000	01-02-18	01-02-18	01-February-2021	\$0.198	\$0.081
01-February-2016	2,000,000	01-02-19	01-02-19	01-February-2021	\$0.198	\$0.086
01-February-2016	2,500,000	01-02-20	01-02-20	01-February-2021	\$0.260	\$0.087
05-September-2016	500,000	05-09-17	05-09-17	05-September-2021	\$0.163	\$0.051
05-September-2016	500,000	05-09-18	05-09-18	05-September-2021	\$0.163	\$0.051
05-September-2016	500,000	05-09-19	05-09-19	05-September-2021	\$0.163	\$0.051
05-September-2016	500,000	05-09-20	05-09-20	05-September-2021	\$0.163	\$0.051
31-October-2016	166,667	01-11-17	01-11-17	05-September-2021	\$0.138	\$0.044
31-October-2016	166,667	01-11-18	01-11-18	05-September-2021	\$0.138	\$0.044
31-October-2016	166,666	01-11-19	01-11-19	05-September-2021	\$0.138	\$0.044
21-November-2016	500,000	23-11-17	23-11-17	23-November-2021	\$0.138	\$0.046
21-November-2016	500,000	23-11-18	23-11-18	23-November-2021	\$0.138	\$0.046
21-November-2016	500,000	23-11-19	23-11-19	23-November-2021	\$0.138	\$0.046
21-November-2016	500,000	23-11-20	23-11-20	23-November-2021	\$0.138	\$0.046

None of the options listed in the table above were exercised during the year ended 30 June 2017.

Options granted carry no dividend or voting rights. Each option is convertible to one ordinary share upon exercise.

**Additional disclosures relating to key management personnel**

**Shareholding**

The number of shares in the company held during the financial year by each director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

	<b>Balance at the start of the year</b>	<b>Received as part of remuneration</b>	<b>Additions</b>	<b>Disposals/ other</b>	<b>Balance at the end of the year</b>
<i>Ordinary shares</i>					
B Carmine	318,181	-	-	-	318,181
S Coffey	822,460	-	597,540	-	1,420,000
J O'Connor (resigned 8 June 2017)*	325,035	-	-	-	325,035
J Garner	150,000	-	350,000	-	500,000
I Ross	750,000	-	1,450,000	-	2,200,000
I Phillips (resigned 8 June 2017)*	70,000	-	-	-	70,000
A Heaton (resigned 10 March 2017)*	5,165,098	-	17,298,662	(2,842,633)	19,621,127
C Humphreys (resigned 15 March 2017)*	183,683	-	-	(183,683)	-
D Brown (resigned 10 March 2017 )*	3,497,795	-	8,166,651	-	11,664,446
K Hill (appointed 9 September 2016)*	-	-	300,000	-	300,000
	<b>11,282,252</b>	<b>-</b>	<b>28,162,853</b>	<b>(3,026,316)</b>	<b>36,418,789</b>

\* Number of shares as at last day of employment with Novogen

**Option holding**

The number of options over ordinary shares in the company held during the financial year by each Director and other members of Key Management Personnel of the consolidated entity, including their personally related parties, is set out below:

	<b>Balance at the start of the year</b>	<b>Granted as remuneration</b>	<b>Exercised</b>	<b>Expired/ forfeited/ other</b>	<b>Balance at the end of the year</b>
<i>Options over ordinary shares</i>					
J O'Connor*	23,218	-	-	-	23,218
S Coffey*	58,747	-	-	-	58,747
J Garner***	7,500,000	-	-	-	7,500,000
C Humphreys*	7,592	-	-	-	7,592
C Humphreys**	800,000	-	-	(533,333)	266,667
L Mateo**	500,000	-	-	(500,000)	-
G Hirsch***	-	2,000,000	-	-	2,000,000
P Leong***	-	2,500,000	-	-	2,500,000
	<b>8,889,557</b>	<b>4,500,000</b>	<b>-</b>	<b>(1,033,333)</b>	<b>12,356,224</b>

\* The above listed options were not issued as part of remuneration.

\*\* Options issued under the Employee Share Option Plan. Unvested options are forfeited upon cessation of employment with the consolidated entity.

\*\*\* Options issued under the Employee Share Option Plan.

**Other transactions with key management personnel and their related parties**

There was no other transaction with KMP and their related parties, other than those disclosed in note 35.

**This concludes the remuneration report, which has been audited.**

### **Shares under option**

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

Grant date	Expiry date	Exercise Price	Closing Balance
16 December 2014	16 December 2019	\$0.150	466,470
18 December 2014	18 December 2019	\$0.150	199,521
4 June 2015	4 June 2020	\$0.400	29,484,002
30 June 2015	4 June 2020	\$0.400	2,000,000
30 June 2015	30 June 2020	\$0.400	29,065,000
16 November 2015	16 November 2020	\$0.220	3,633,334
18 March 2016	1 February 2021	\$0.199	5,000,000
18 March 2016	1 February 2021	\$0.261	2,500,000
5 September 2016	5 September 2021	\$0.163	2,000,000
31 October 2016	1 November 2021	\$0.138	500,000
12 October 2016	17 October 2021	\$0.156	620,000
21 November 2016	23 November 2021	\$0.138	2,000,000
			<b><u>77,468,327</u></b>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

### **Shares issued on the exercise of options**

There were no ordinary shares of Novogen Limited issued on the exercise of options during the year ended 30 June 2017 and up to the date of this report.

### **Indemnity and insurance of officers**

The consolidated entity has not indemnified the Directors and Executives of the consolidated entity for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the Directors and Executives of the consolidated entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### **Indemnity and insurance of auditor**

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

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

### **Proceedings on behalf of the company**

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

### **Non-audit services**

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 32 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in note 32 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

**Officers of the company who are former partners of Grant Thornton Audit Pty Ltd**

There are no officers of the company who are former partners of Grant Thornton Audit Pty Ltd.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

**Auditor**

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the Directors



---

Mr Iain Ross  
Chairman

29 August 2017  
Sydney



---

Dr James Garner  
Managing Director, Chief Executive Officer



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## Auditor's Independence Declaration To the Directors of Novogen Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Novogen Limited for the year ended 30 June 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.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'S M Coulton'.

S M Coulton  
Partner - Audit & Assurance

Sydney, 29 August 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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## General information

The financial statements cover Novogen Limited as a consolidated entity consisting of Novogen Limited and the entities it controlled at the end of or during the year. The financial statements are presented in Australian dollars, which is Novogen Limited's functional and presentation currency.

Novogen Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5  
20 George St  
Hornsby NSW 2077

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2017. The directors have the power to amend and reissue the financial statements.

	Note	<b>Consolidated</b>	
		<b>2017</b> \$	<b>2016</b> \$
<b>Revenue</b>	5	248,837	405,701
Other income	6	8,563,431	3,665,331
<b>Expenses</b>			
Research and development expense		(11,136,178)	(9,893,982)
General and administrative expense		(7,764,491)	(5,760,396)
Loss on disposal of fixed assets		(15,885)	(2,303)
Loss on disposal of CanTx, Inc. after income tax expense		-	(568,842)
Finance costs	7	(764,635)	(36)
<b>Loss before income tax benefit</b>		(10,868,921)	(12,154,527)
Income tax benefit	8	198,544	-
<b>Loss after income tax benefit for the year</b>		(10,670,377)	(12,154,527)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of available-for-sale financial assets, net of tax		8,952	(2,773)
Net exchange difference on translation of financial statements of foreign controlled entities, net of tax		24,805	(1,469)
Derecognition of foreign currency reserve relating to CanTx		-	178,073
Other comprehensive income for the year, net of tax		33,757	173,831
<b>Total comprehensive income for the year</b>		<u>(10,636,620)</u>	<u>(11,980,696)</u>
Loss for the year is attributable to:			
Non-controlling interest		-	(91,871)
Owners of Novogen Limited		(10,670,377)	(12,062,656)
		<u>(10,670,377)</u>	<u>(12,154,527)</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	(95,452)
Owners of Novogen Limited		(10,636,620)	(11,885,244)
		<u>(10,636,620)</u>	<u>(11,980,696)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	41	(2.28)	(2.82)
Diluted earnings per share	41	(2.28)	(2.82)

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

	Note	2017 \$	Consolidated 2016 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	14,454,784	33,453,140
Trade and other receivables	10	4,262,512	198,924
Income tax refund due	11	4,963	4,274
Other	12	758,082	433,358
Total current assets		<u>19,480,341</u>	<u>34,089,696</u>
<b>Non-current assets</b>			
Available-for-sale financial assets	13	21,803	12,851
Property, plant and equipment	14	489,605	591,763
Intangibles	15	15,918,354	822,241
Total non-current assets		<u>16,429,762</u>	<u>1,426,855</u>
<b>Total assets</b>		<u>35,910,103</u>	<u>35,516,551</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	1,872,554	1,300,045
Provisions	17	155,149	131,884
Unearned revenue	18	41,003	-
Contingent consideration	19	3,315,401	-
Total current liabilities		<u>5,384,107</u>	<u>1,431,929</u>
<b>Non-current liabilities</b>			
Deferred tax	20	4,314,435	-
Provisions	21	63,878	62,224
Trade and other payables	22	106,398	91,473
Contingent consideration	23	703,599	-
Total non-current liabilities		<u>5,188,310</u>	<u>153,697</u>
<b>Total liabilities</b>		<u>10,572,417</u>	<u>1,585,626</u>
<b>Net assets</b>		<u>25,337,686</u>	<u>33,930,925</u>
<b>Equity</b>			
Contributed equity	24	193,769,409	191,301,217
Other contributed equity	25	600,000	1,716,101
Reserves	26	1,929,338	1,420,392
Accumulated losses	27	(170,961,061)	(160,506,785)
<b>Total equity</b>		<u>25,337,686</u>	<u>33,930,925</u>

**Novogen Limited**  
**Statement of changes in equity**  
For the year ended 30 June 2017



	<b>Issued capital \$</b>	<b>Other contributed equity \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Non-controlling interest \$</b>	<b>Total equity \$</b>
<b>Consolidated</b>						
Balance at 1 July 2015	190,404,198	1,716,101	989,721	(148,444,129)	(303,838)	44,362,053
Loss after income tax expense for the year	-	-	-	(12,062,656)	(91,871)	(12,154,527)
Other comprehensive income for the year, net of tax	-	-	173,831	-	-	173,831
Total comprehensive income for the year	-	-	173,831	(12,062,656)	(91,871)	(11,980,696)
<i>Transactions with owners in their capacity as owners:</i>						
Contributions of equity, net of transaction costs	781,651	-	-	-	-	781,651
Share based payment	-	-	372,208	-	-	372,208
Derecognition of non-controlling interest	-	-	-	-	392,128	392,128
Derecognition of foreign currency reserve	-	-	-	-	3,581	3,581
Expired options	115,368	-	(115,368)	-	-	-
Balance at 30 June 2016	<u>191,301,217</u>	<u>1,716,101</u>	<u>1,420,392</u>	<u>(160,506,785)</u>	<u>-</u>	<u>33,930,925</u>
<b>Consolidated</b>						
Balance at 1 July 2016	191,301,217	1,716,101	1,420,392	(160,506,785)	-	33,930,925
Loss after income tax benefit for the year	-	-	-	(10,670,377)	-	(10,670,377)
Other comprehensive income for the year, net of tax	-	-	33,757	-	-	33,757
Total comprehensive income for the year	-	-	33,757	(10,670,377)	-	(10,636,620)
<i>Transactions with owners in their capacity as owners:</i>						
Share issue costs	(17,662)	-	-	-	-	(17,662)
Transfers	-	(216,101)	-	216,101	-	-
Conversion of convertible note	900,000	(900,000)	-	-	-	-
Employee share-based payment options	-	-	475,189	-	-	475,189
Share based payment	1,585,854	-	-	-	-	1,585,854
Balance at 30 June 2017	<u>193,769,409</u>	<u>600,000</u>	<u>1,929,338</u>	<u>(170,961,061)</u>	<u>-</u>	<u>25,337,686</u>

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

	Note	Consolidated 2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Loss after income tax benefit for the year		(10,670,377)	(12,154,527)
Adjustments for:			
Depreciation and amortisation		1,419,673	643,035
Net loss on disposal of non-current assets		15,885	2,303
Share-based payments		517,189	372,209
Foreign exchange differences		453,578	(796,000)
Make good credit and rental adjustment		14,925	101,287
Disposal of CanTx		-	568,807
Interest income accrued		360	(1,026)
Release of discount on the contingent consideration		764,359	-
		(7,484,408)	(11,263,912)
Change in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		(3,968,220)	14,605
Increase in income tax refund due		(689)	(4,358)
Increase in prepayments		(324,724)	(306,783)
Increase/(decrease) in trade and other payables		572,509	(327,547)
Increase/(decrease) in other provisions		23,265	(28,681)
Increase/(decrease) in deposit paid		(95,727)	(61,653)
Decrease in deferred tax liability		(197,707)	-
Increase in unearned revenue		41,003	-
Net cash used in operating activities		(11,434,698)	(11,978,329)
<b>Cash flows from investing activities</b>			
Payment for purchase of business, net of cash acquired	37	(7,097,152)	-
Payments for property, plant and equipment	14	(11,649)	(522,373)
Payments for intangibles	15	(8,445)	(2,625)
Proceeds from disposal of property, plant and equipment		-	3,059
Net cash used in investing activities		(7,117,246)	(521,939)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	24	-	852,866
Share issue transaction costs		(17,662)	(71,215)
Net cash from/(used in) financing activities		(17,662)	781,651
Net decrease in cash and cash equivalents		(18,569,606)	(11,718,617)
Cash and cash equivalents at the beginning of the financial year		33,453,140	44,371,486
Effects of exchange rate changes on cash and cash equivalents		(428,750)	800,271
Cash and cash equivalents at the end of the financial year	9	14,454,784	33,453,140

## **Note 1. General information**

The financial statements cover Novogen Limited as a consolidated entity consisting of Novogen Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Novogen Limited's functional and presentation currency.

Novogen Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5  
20 George Street  
Hornsby NSW 2077

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 August 2017. The Directors have the power to amend and reissue the financial statements.

## **Note 2. Significant accounting policies**

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

### **New or amended Accounting Standards and Interpretations adopted**

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

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

### **Going concern**

The consolidated entity incurred a loss after income tax of \$10,670,377 (2016: \$12,154,527), was in a net current asset position of \$14,096,234 (2016: net current asset position of \$32,657,767) and had net cash outflows from operating activities of \$11,434,698 (2016: \$11,978,329) for the year ended 30 June 2017.

As at 30 June 2017 the consolidated entity had cash in hand and at bank of \$14,454,784.

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal activities and realisation of assets and settlement of liabilities in the normal course of business. As is often the case with drug development companies, the ability of the consolidated entity to continue its development activities as a going concern is dependent upon it deriving sufficient cash from investors, from licensing and partnering activities and from other sources of revenue such as grant funding.

The directors have considered the cash flow forecasts and the funding requirements of the business and are confident that the strategies in place are appropriate to generate sufficient funding to allow the consolidated entity to continue as a going concern.

Accordingly the directors have prepared the financial statements on a going concern basis. Should the above assumptions not prove to be appropriate, there is material uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these financial statements.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### ***Historical cost convention***

The financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, which are at fair value.

## **Note 2. Significant accounting policies (continued)**

### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 36.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Novogen Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended. Novogen Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference is between the consideration transferred and the book value.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

### *Foreign currency transactions*

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

## **Note 2. Significant accounting policies (continued)**

### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation is disposed of.

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation shall be recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. In determining the economic benefits, provisions are made for certain trade discounts and returned goods. The following specific recognition criteria must also be met:

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

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

### **Income tax**

The income tax expense or benefit for the period is the tax payable on that 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, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

The R&D Tax Incentive is a government run program which helps to offset some of the costs of R&D. Annually, the consolidated entity claims a refundable tax offset and has disclosed this as other income in the statement of profit or loss and other comprehensive income. The group accounts for the R&D Tax Incentive when a reliable estimate of the amounts receivable can be made.

## **Note 2. Significant accounting policies (continued)**

Novogen Limited (the 'parent entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. Novogen Limited as the parent entity discloses all of the deferred tax assets of the tax consolidated group in relation to tax losses carried forward (after elimination of inter-group transactions). The tax consolidated group has applied the 'separate taxpayer in the group' allocation approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

As the tax consolidation group continues to generate tax losses there has been no reason for the company to enter a tax funding agreement with members of the tax consolidation group.

### **Current and non-current classification**

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

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting 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 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.

### **Cash and cash equivalents**

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

### **Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 to 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

### **Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

## **Note 2. Significant accounting policies (continued)**

### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

### *Impairment of financial assets*

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

### **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives from 2.5 to 10 years.

Leasehold improvements and plant and equipment under lease are depreciated over the 9-year period of the lease (including options to extend) or the estimated useful life of the assets, whichever is shorter.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Research and development**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

### **Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

## **Note 2. Significant accounting policies (continued)**

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

### **Intangible assets**

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

### *Patents and trademarks*

Significant costs associated with patents and intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of 5 years.

### *Software*

Amortisation is calculated on a straight-line basis to write off the net cost of each item of software over their expected useful lives from 2.5 to 10 years.

### *Licensing agreement*

Significant costs associated with the Licensing Agreement are deferred and amortised on a straight-line basis over the period of its expected benefit, being its remaining useful life of 15 years.

### **Impairment of non-financial assets**

Non-financial assets with finite useful lives are reviewed 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.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

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

### **Compound financial instruments**

Compound financial instruments issued by the consolidated entity comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares does not vary with changes in fair value. The liability component of a financial liability is recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method, whereas the equity component is not remeasured. Interest, gains and losses relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

## Note 2. Significant accounting policies (continued)

### Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity 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.

### Employee benefits

#### *Short-term employee benefits*

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

#### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### *Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

#### *Share-based payments*

Equity-settled share-based compensation benefits are provided to employees under the terms of the Employee Share Option Plan ('ESOP') and consultants as compensation for services performed.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

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

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting 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.

- 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.

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.

## **Note 2. Significant accounting policies (continued)**

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.

### **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

### **Fair value measurement**

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

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

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### **Issued capital**

Ordinary shares are classified as equity.

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

### **Earnings per share**

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Novogen Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

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

## **Note 2. Significant accounting policies (continued)**

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

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

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *AASB 9 Financial Instruments and its consequential amendments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks.

In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.

The consolidated entity will adopt this standard and the amendments from 1 July 2018. The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

#### *IFRS 15 Revenue from Contracts with Customers*

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

The consolidated entity will adopt this standard and the amendments from 1 July 2018. Based on the entity's assessment, when this Standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements. This is because the entity is still in the R&D stage of its development and is not anticipating generating material revenue streams during the year ending 30 June 2019.

## **Note 2. Significant accounting policies (continued)**

### **AASB 16 Leases**

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, taking into account the leases in place, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

## **Note 3. Critical accounting judgements, estimates and assumptions**

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

### *Research and development expenses*

The Directors do not consider the development programs to be sufficiently advanced to reliably determine the economic benefits and technical feasibility to justify capitalisation of development costs. These costs have been recognised as an expense when incurred.

Research and development expenses relate primarily to the cost of conducting human clinical and pre-clinical trials. Clinical development costs are a significant component of research and development expenses. Estimates have been used in determining the expense liability under certain clinical trial contracts where services have been performed but not yet invoiced. Generally the costs, and therefore estimates, associated with clinical trial contracts are based on the number of patients, drug administration cycles, the type of treatment and the outcome being measured. The length of time before actual amounts can be determined will vary depending on length of the patient cycles and the timing of the invoices by the clinical trial partners.

### *Clinical trial expenses*

Estimates have been used in determining the expense liability under certain clinical trial contracts being performed but not yet invoiced.

### *Share-based payment transactions*

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

### **Note 3. Critical accounting judgements, estimates and assumptions (continued)**

#### *Fair value measurement hierarchy*

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

#### *Research and development tax rebate*

The R&D Tax Incentive is recognised when a reliable estimate of the amounts receivable can be made. For the year ended 30 June 2017 the group has estimated the rebate which will be received in early 2018 and has accrued that amount as income in the statement of profit or loss and other comprehensive income.

#### *Recovery of deferred tax assets*

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

#### *Net investment in foreign operations*

Intercompany loans are treated as net investment in foreign operations as repayment of such loans is neither planned nor likely to occur.

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation shall be recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

#### *Contingent consideration*

Management uses valuation techniques in determining the fair values of the various elements of a business combination (see Note 37). Particularly, the fair value of contingent consideration is dependent on the key assumptions including probability of milestones occurring, timing of settlement and discount rates.

### **Note 4. Operating segments**

#### *Identification of reportable operating segments*

The consolidated entity's operating segment is based on the internal reports that are reviewed and used by the Board of Directors (being the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The consolidated entity operates in the pharmaceutical research and development business. There are no operating segments for which discrete financial information exists.

The information reported to the CODM, on at least a monthly basis, is the consolidated results as shown in the statement of profit or loss and other comprehensive income and statement of financial position.

#### *Major customers*

During the year ended 30 June 2017 and 30 June 2016 there were no major customers.

### **Note 5. Revenue**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Bank interest	248,837	405,701

**Note 6. Other income**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Net foreign exchange gain	-	781,146
Payroll tax rebate	7,000	18,000
Subsidies and grants	130,064	-
Reimbursement of expenses	17,031	-
Research and development rebate	8,409,336	2,865,708
Other sundry income	-	477
 Other income	 <hr/>	 <hr/>
	8,563,431	3,665,331

**Note 7. Expenses**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	52,179	30,261
Property, plant and equipment	47,373	42,276
 Total depreciation	<hr/>	<hr/>
	99,552	72,537
<i>Amortisation</i>		
Patents and intellectual property	570,104	570,104
Software	5,404	394
GDC licensing agreement	744,613	-
 Total amortisation	<hr/>	<hr/>
	1,320,121	570,498
Total depreciation and amortisation	<hr/>	<hr/>
	1,419,673	643,035
<i>Finance costs</i>		
Interest and finance charges paid/payable	276	36
Unwinding of the discount on contingent consideration	764,359	-
 Finance costs expensed	<hr/>	<hr/>
	764,635	36
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	334,673	280,329
<i>Superannuation expense</i>		
Defined contribution superannuation expense	287,656	208,813
<i>Employee benefits expense excluding superannuation</i>		
Employee benefits expense excluding superannuation	<hr/>	<hr/>
	4,077,811	2,827,662

**Note 8. Income tax benefit**

	<b>Consolidated</b>		<b>Consolidated</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>
	\$	\$	\$
<i>Numerical reconciliation of income tax benefit and tax at the statutory rate</i>			
Loss before income tax benefit	(10,868,921)	(12,154,527)	
Tax at the statutory tax rate of 27.5% (2016: 30%)	(2,988,953)	(3,646,358)	
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Impact of foreign tax rate differential	(160)	43,784	
Research and Development claim	1,281,771	1,478,694	
Capitalised expenses	234,369	79,432	
Employee option plan	130,677	111,663	
Other non-deductible expenses	4,600	(316,536)	
Prior year tax losses not recognised now recouped	(1,337,696)	(2,249,321)	
Tax losses and timing differences not recognised	(678)	-	
Income tax benefit	1,139,830	2,249,321	
	<u>(198,544)</u>	<u>-</u>	<u>-</u>
	<b>Consolidated</b>		<b>Consolidated</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>
	\$	\$	\$
<i>Tax losses not recognised</i>			
Unused tax losses for which no deferred tax asset has been recognised-Australia	60,632,678	59,908,633	
Potential tax benefit @ 27.5% (2016: 30%)-Australia	16,673,986	17,972,590	
Unused tax losses for which no deferred tax asset has been recognised-US	2,090,188	2,099,947	
Potential tax benefit at statutory tax rates@34%-US	710,664	713,982	

**Note 9. Current assets - cash and cash equivalents**

	<b>Consolidated</b>		<b>Consolidated</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>
	\$	\$	\$
<i>Cash at bank and on hand</i>			
Short-term deposits	8,454,784	20,437,493	
	6,000,000	13,015,647	
	<u>14,454,784</u>	<u>33,453,140</u>	<u>-</u>

**Note 10. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Trade receivables	231,065	235,024
Less: Provision for impairment of receivables	(225,998)	(225,998)
R&D tax rebate receivable	3,973,052	-
	<u>3,978,119</u>	<u>9,026</u>
Other receivables	77,207	78,439
Deposits held	578,657	484,649
Less: Provision for impairment of deposits held	(371,471)	(373,190)
	<u>4,262,512</u>	<u>198,924</u>

Deposits held included a guarantee to the value of €250,000 (\$371,471) for the "APO Trend" case. Please refer to note 33 for further information on 'deposits held'.

*Impairment of receivables*

The consolidated entity has recognised a loss of nil (2016: loss of nil) in profit or loss in respect of impairment of receivables (excluding 'deposits held') for the year ended 30 June 2017.

The ageing of the impaired receivables provided for above are as follows:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Trade receivables over 6 months overdue	<u>225,998</u>	<u>225,998</u>

**Note 11. Current assets - income tax refund due**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Income tax refund due	<u>4,963</u>	<u>4,274</u>

**Note 12. Current assets - other**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Prepayments	<u>758,082</u>	<u>433,358</u>

**Note 13. Non-current assets - available-for-sale financial assets**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Listed ordinary shares	<u>21,803</u>	<u>12,851</u>

Refer to note 30 for further information on fair value measurement.

**Note 14. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Leasehold improvements - at cost	466,054	464,404
Less: Accumulated depreciation	(82,440)	(30,261)
	<u>383,614</u>	<u>434,143</u>
Plant and equipment - at cost	201,296	216,930
Less: Accumulated depreciation	(95,305)	(59,310)
	<u>105,991</u>	<u>157,620</u>
	<u>489,605</u>	<u>591,763</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	<b>Leasehold improvement</b>	<b>Plant and equipment</b>	<b>Total</b>
	\$	\$	\$
Balance at 1 July 2015	-	85,065	85,065
Additions	464,404	120,193	584,597
Disposals	-	(5,362)	(5,362)
Depreciation expense	(30,261)	(42,276)	(72,537)
Balance at 30 June 2016	434,143	157,620	591,763
Additions	7,218	6,061	13,279
Disposals	(5,568)	(10,317)	(15,885)
Depreciation expense	(52,179)	(47,373)	(99,552)
Balance at 30 June 2017	<u>383,614</u>	<u>105,991</u>	<u>489,605</u>

**Note 15. Non-current assets - intangibles**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Patents and intellectual property - at cost	2,850,517	2,850,517
Less: Accumulated amortisation	(2,600,611)	(2,030,507)
	<u>249,906</u>	<u>820,010</u>
Software - at cost	11,070	2,625
Less: Accumulated amortisation	(5,798)	(394)
	<u>5,272</u>	<u>2,231</u>
Licensing agreement - at acquired fair value (Note 37)*	16,407,789	-
Less: Accumulated amortisation	(744,613)	-
	<u>15,663,176</u>	<u>-</u>
	<u><u>15,918,354</u></u>	<u><u>822,241</u></u>

\* Remaining amortisation period is 14.47 years as at 30 June 2017

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Software	Patents and intellectual property	GDC licensing agreement	Total
	\$	\$	\$	\$
Balance at 1 July 2015	-	1,390,114	-	1,390,114
Additions	2,625	-	-	2,625
Amortisation expense	(394)	(570,104)	-	(570,498)
Balance at 30 June 2016	2,231	820,010	-	822,241
Additions	8,445	-	-	8,445
Additions through business combinations (note 37)	-	-	16,407,789	16,407,789
Amortisation expense	(5,404)	(570,104)	(744,613)	(1,320,121)
Balance at 30 June 2017	<u>5,272</u>	<u>249,906</u>	<u>15,663,176</u>	<u>15,918,354</u>

**Note 16. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Trade payables	1,248,890	512,536
Accrued payables	613,848	777,693
Lease incentive liability	9,816	9,816
	<u>1,872,554</u>	<u>1,300,045</u>

Refer to note 29 for further information on financial instruments.

**Note 17. Current liabilities - provisions**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$	\$
Employee benefits	155,149	131,884		

**Note 18. Current liabilities - Unearned revenue**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$	\$
Unearned revenue	41,003	-		

**Note 19. Current liabilities - Contingent consideration**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$	\$
Contingent consideration	3,315,401	-		

**Note 20. Non-current liabilities - deferred tax**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$	\$
Deferred tax liability associated with Licensing Agreement	4,314,435	-		

**Note 21. Non-current liabilities - provisions**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$	\$
Lease make good	63,878	62,224		

**Note 22. Non-current liabilities - Trade and other payables**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	\$	\$	\$	\$
Liability for straight-lining	44,228	19,489		
Lease incentive liability	62,170	71,984		
	<b>106,398</b>	<b>91,473</b>		

**Note 23. Non-current liabilities - Contingent consideration**

	<b>Consolidated</b>		<b>2017</b>	<b>2016</b>
	\$		\$	\$
Contingent consideration			703,599	-

Contingent consideration is payable on the achievement of certain pre-determined milestones. Certain of the contingent payments are contracted to be satisfied by issue of shares, and other such payments may be settled by the issue of shares or the payment of cash, at the discretion of the consolidated entity.

**Note 24. Equity - contributed equity**

	<b>2017</b>	<b>2016</b>	<b>Consolidated</b>	<b>2017</b>	<b>2016</b>
	Shares	Shares		\$	\$
Ordinary shares - fully paid	<u>483,287,914</u>	<u>429,733,982</u>		<u>193,769,409</u>	<u>191,301,217</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance				
Issue of shares on exercise of options	1 July 2015	423,116,465		190,404,198
Issue of shares on exercise of options	24 July 2015	1,000	\$0.400	400
Issue of shares on exercise of options	24 July 2015	1,000,000	\$0.150	150,000
Issue of shares on exercise of options	8 October 2015	109,309	\$0.125	13,664
Issue of shares on exercise of options	23 November 2015	1,990,545	\$0.125	248,818
Issue of shares on exercise of options	24 November 2015	3,514,370	\$0.125	439,296
Issue of shares on exercise of options	09 December 2015	2,293	\$0.300	688
Share issue transaction costs (including share-based payments)		-	\$0.000	(71,215)
Share based payment fair value movement		-	\$0.000	115,368
Balance				
Issue of shares - Note 1	30 June 2016	429,733,982		191,301,217
Issue of shares - Note 2	05 September 2016	400,000	\$0.105	42,000
Issue of shares - Note 3	14 September 2016	20,000,000	\$0.025	500,000
Issue of shares - Note 4	31 October 2016	17,153,932	\$0.090	1,543,854
Share issue transaction costs	01 November 2016	16,000,000	\$0.025	400,000
Balance				
	30 June 2017	<u>483,287,914</u>		<u>193,769,409</u>

*Ordinary shares*

Note 1 - Shares issued to the Company's Scientific Advisory Board for no consideration in respect of share based payments

Note 2 - Issue of shares in relation to the conversion of part of the Triaxial convertible note

Note 3 - Issue of shares in relation to the acquisition of Glioblast Pty Ltd to support the development of GDC-0084

Note 4 - Issue of shares in relation to the conversion of part of the Triaxial convertible note

*Ordinary shares*

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

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

#### **Note 24. Equity - contributed equity (continued)**

##### *Share buy-back*

There is no current on-market share buy-back.

##### *Capital risk management*

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The capital structure of the consolidated entity consists of cash and cash equivalents and equity attributable to equity holders. Operating globally, the consolidated entity develops specialty pharmaceutical products. The overall strategy of the consolidated entity is to continue its drug development programs, which depends on raising additional equity.

The capital risk management policy remains unchanged from the prior year.

#### **Note 25. Equity - Other contributed equity**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Convertible note - Triaxial	600,000	1,716,101

On 4 December 2014, the consolidated entity and the convertible note holder ('Triaxial') signed a Convertible Note Deed Poll ('Deed') which superseded the precedent Loan Agreement between Triaxial shareholders and the consolidated entity. The Deed extinguishes the liability created by the Loan Agreement, which previously allowed for a cash settlement and now allows Triaxial to convert their debt into ordinary shares during the current financial year, providing that the company achieves defined milestones established in the schedule of the Deed. Accordingly the convertible note has been reclassified as an equity instrument rather than debt instrument.

During the Financial year ended 30 June 2017, the Company reached two milestones triggering the conversion of a portion of its convertible note as follows;

- on 11 August 2016 the Company announced the submission of an IND application. On 10 September 2016, the Company received a letter from the FDA advising the study may proceed triggering conversion of 20,000,000 ordinary shares.
- on 31 October 2016, the Company announced it had licensed a Phase II ready molecule triggering the conversion of 16,000,000 ordinary shares.

The remaining portion of the convertible note may be exercised at the holders' discretion as follows;

- on completion of Phase II clinical trial or achieving Breakthrough Designation. Completion will be deemed to occur upon the receipt by the consolidated entity of a signed study report or notification of the designation: \$600,000 converted into 24,000,000 ordinary shares in the consolidated entity.

There is a possibility for an early conversion of the convertible notes if a third party acquires more than 50% of the issued capital of the consolidated entity.

#### Note 26. Equity - reserves

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Available-for-sale reserve	(36,824)	(45,776)
Foreign currency reserve	(111,350)	(136,155)
Share-based payments reserve	2,077,512	1,602,323
	1,929,338	1,420,392

##### *Available-for-sale reserve*

The reserve is used to recognise increments and decrements in the fair value of available-for-sale financial assets.

##### *Foreign currency reserve*

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

##### *Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

##### *Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Share-based payment reserve \$	Available- for- sale reserve \$	Foreign currency reserve \$	Convertible note reserve \$	Total \$
Balance at 1 July 2015	1,345,483	(43,003)	(312,759)	-	989,721
Transfer to equity for expired options	(115,368)	-	-	-	(115,368)
-Foreign currency translation	-	-	(1,469)	-	(1,469)
-Loss on the revaluation of available-for-sale financial assets	-	(2,773)	-	-	(2,773)
Share based payment expense	372,208	-	-	-	372,208
Derecognition of FCTR of CanTx	-	-	178,073	-	178,073
Balance at 30 June 2016	1,602,323	(45,776)	(136,155)	-	1,420,392
-Foreign currency translation	-	-	24,805	-	24,805
-Gain on the revaluation of available-for-sale financial assets	-	8,952	-	-	8,952
Share based payment expense	475,189	-	-	-	475,189
Balance at 30 June 2017	<u>2,077,512</u>	<u>(36,824)</u>	<u>(111,350)</u>	-	<u>1,929,338</u>

#### Note 27. Equity - accumulated losses

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Accumulated losses at the beginning of the financial year	(160,506,785)	(148,444,129)
Loss after income tax benefit for the year	(10,670,377)	(12,062,656)
Transfer from other contributed equity	216,101	-
Accumulated losses at the end of the financial year	<u>(170,961,061)</u>	<u>(160,506,785)</u>

## Note 28. Equity - dividends

### *Dividends*

There were no dividends paid, recommended or declared during the current or previous financial year.

### *Franking credits*

There were no franking credits available at the reporting date.

## Note 29. Financial instruments

### **Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The consolidated entity uses different methods to measure and manage the different types of risks to which it is exposed. These methods include monitoring the levels of exposure to interest rates and foreign exchange, ageing analysis and monitoring of specific credit allowances to manage credit risk, and, rolling cash flow forecasts to manage liquidity risk.

### **Market risk**

#### *Foreign currency risk*

The consolidated entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollars ('USD'). Foreign exchange risk arises from future transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations.

As of 30 June 2017, the consolidated entity did not hold derivative financial instruments in managing its foreign currency, however, the consolidated entity may from time to time enter into hedging arrangements where circumstances are deemed appropriate. The consolidated entity used natural hedging to reduce the foreign currency risk, which involved processing USD payments from cash held in USD. Foreign subsidiaries with a functional currency of Australian Dollars ('AUD') have exposure to the local currency of these subsidiaries and any other currency these subsidiaries trade in.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

<b>Consolidated</b>	<b>Assets</b>		<b>Liabilities</b>	
	<b>2017</b> \$	<b>2016</b> \$	<b>2017</b> \$	<b>2016</b> \$
US dollars	5,797,242	15,314,044	1,009,619	702,244
Euros	-	-	-	4,935
Pound Sterling	-	19,748	84,475	58,549
Indian Rupee	75	75	-	-
	<b>5,797,317</b>	<b>15,333,867</b>	<b>1,094,094</b>	<b>765,728</b>

The consolidated entity had net assets denominated in foreign currencies of \$4,703,223 as at 30 June 2017 (2016: net assets \$14,568,139).

If the AUD had strengthened against the USD by 10% (2016: 10%) , Euro by 10% (2016: 10%), GBP by 10% (2016: 10%) and INR by 10% (2016: 10%) respectively then this would have had the following impact:

**Note 29. Financial instruments (continued)**

<b>Consolidated - 2017</b>	<b>% change</b>	<b>AUD strengthened</b>		<b>AUD weakened</b>	
		<b>Effect on profit before tax</b>	<b>Effect on equity</b>	<b>Effect on profit before tax</b>	<b>Effect on equity</b>
US dollars	10%	(478,762)	(478,762)	(10%)	478,762
Euros	10%	-	-	(10%)	-
Pound Sterling	10%	8,448	8,448	(10%)	(8,448)
Indian Rupee	10%	(8)	(8)	(10%)	8
		<b>(470,322)</b>	<b>(470,322)</b>	<b>470,322</b>	<b>470,322</b>

<b>Consolidated - 2016</b>	<b>% change</b>	<b>AUD strengthened</b>		<b>AUD weakened</b>	
		<b>Effect on profit before tax</b>	<b>Effect on equity</b>	<b>Effect on profit before tax</b>	<b>Effect on equity</b>
US dollars	10%	(1,461,180)	(1,461,180)	(10%)	1,461,180
Euros	10%	494	494	(10%)	(494)
Pound Sterling	10%	3,880	3,880	(10%)	(3,880)
Indian Rupee	10%	(8)	(8)	(10%)	8
		<b>(1,456,814)</b>	<b>(1,456,814)</b>	<b>1,456,814</b>	<b>1,464,574</b>

**Price risk**

The consolidated entity is not exposed to any significant price risk.

**Interest rate risk**

The consolidated entity's exposure to market interest rates relate primarily to the investments of cash balances.

The consolidated entity has cash reserves held primarily in Australian dollars and United States dollars and places funds on deposit with financial institutions for periods generally not exceeding three months.

As at the reporting date, the consolidated entity had the following variable interest rate balances:

<b>Consolidated</b>		<b>2017</b>		<b>2016</b>	
		<b>Weighted average interest rate %</b>	<b>Balance \$</b>	<b>Weighted average interest rate %</b>	<b>Balance \$</b>
Cash at bank and in hand		0.10%	8,454,784	0.31%	20,437,493
Short term deposits		2.40%	6,000,000	2.60%	13,015,647
Net exposure to cash flow interest rate risk			<b>14,454,784</b>		<b>33,453,140</b>

The consolidated entity has cash and cash equivalents totalling \$14,454,784 (2016: \$33,453,140). An official increase/decrease in interest rates of 100 basis points (2016: 100 basis points) would have a favourable/adverse effect on profit before tax and equity of \$144,548 (2016: \$334,531) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The entity is not exposed to significant credit risk on receivables.

### Note 29. Financial instruments (continued)

The consolidated entity places its cash deposits with high credit quality financial institutions and by policy, limits the amount of credit exposure to any single counter-party. The consolidated entity is averse to principal loss and ensures the safety and preservation of its invested funds by limiting default risk, market risk, and reinvestment risk. The consolidated entity mitigates default risk by constantly positioning its portfolio to respond appropriately to a significant reduction in a credit rating of any financial institution.

There are no significant concentrations of credit risk within the consolidated entity. The credit risk on liquid funds is limited as the counter parties are banks with high credit ratings.

Credit risk is managed by limiting the amount of credit exposure to any single counter-party for cash deposits.

#### **Liquidity risk**

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. In particular, contingent consideration as set out in Note 37 may be satisfied either by payment of cash or by issue of shares, at the discretion of the entity.

#### *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.

<b>Consolidated - 2017</b>	Weighted average interest rate %				Remaining contractual maturities \$
		1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	
<b>Non-derivatives</b>					
Trade payables	-	1,248,890	-	-	- 1,248,890
Accrued payables	-	613,848	-	-	- 613,848
Contingent consideration	-	4,250,000	-	4,650,000	1,394,000 10,294,000
Total non-derivatives		6,112,738		4,650,000	1,394,000 12,156,738

<b>Consolidated - 2016</b>	Weighted average interest rate %				Remaining contractual maturities \$
		1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	
<b>Non-derivatives</b>					
Trade payables	-	512,536	-	-	- 512,536
Accrued payables	-	777,693	-	-	- 777,693
Total non-derivatives		1,290,229		-	- 1,290,229

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

### Note 30. Fair value measurement

#### Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Consolidated - 2017</b>				
<i>Assets</i>				
Ordinary shares	21,803	-	-	21,803
Contingent Consideration	-	-	4,019,000	4,019,000
<b>Total assets</b>	<b>21,803</b>	<b>-</b>	<b>4,019,000</b>	<b>4,040,803</b>

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>Consolidated - 2016</b>				
<i>Assets</i>				
Ordinary shares	12,851	-	-	12,851
<b>Total assets</b>	<b>12,851</b>	<b>-</b>	<b>-</b>	<b>12,851</b>

There were no transfers between levels during the financial year.

The fair value of contingent consideration related to the acquisition of Glioblast Pty Ltd (see Note 37) is estimated using a present value technique. The fair value is estimated by probability-weighting the estimated future cash outflows, adjusting for risk and discounting.

The effects on the fair value of risk and uncertainty in the future cash flows are dealt with by adjusting the estimated cash flows rather than adjusting the discount rate.

### Note 31. Key management personnel disclosures

#### Compensation

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

	Consolidated	
	2017	2016
	\$	\$
Short-term employee benefits	2,513,066	1,585,723
Post-employment benefits	154,475	130,044
Long-term benefits	-	199,875
Termination benefits	315,372	-
Share-based payments	403,257	183,460
	<b>3,386,170</b>	<b>2,099,102</b>

Please refer to note 35 for other transactions with key management personnel and their related parties.

### Note 32. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company:

	Consolidated		Consolidated	
	2017	\$	2016	\$
<i>Audit services - Grant Thornton Audit Pty Ltd</i>				
Audit or review of the financial statements	132,071		139,999	
<i>Other services - Grant Thornton Audit Pty Ltd</i>				
F3 review	-		1,432	
Tax compliance services	7,500		11,500	
	7,500		12,932	
	<u>139,571</u>		<u>152,931</u>	

### Note 33. Contingent liabilities

The consolidated entity is continuing to prosecute its Intellectual Property ('IP') rights and in June 2007 announced that the Vienna Commercial Court had upheld a provisional injunction against an Austrian company, APOtrend. The consolidated entity has provided a guarantee to the value of €250,000 (\$371,471) with the court to confirm its commitment to the ongoing enforcement process. As at 30 June 2017, the receivable balance continues to be fully impaired on the basis that it is unlikely to be recovered. The receivable balance and the corresponding provision for impairment is classified as 'deposits held'. Refer to note 10. Due to the lengthy procedure, further delayed by the appointment of technical experts, the case did not progress and the status remained unchanged during the period.

### Note 34. Commitments

	Consolidated		Consolidated	
	2017	\$	2016	\$
<i>Lease commitments - operating</i>				
Committed at the reporting date but not recognised as liabilities, payable:				
Within one year	249,704		204,118	
One to five years	78,521		289,524	
	<u>328,225</u>		<u>493,642</u>	

Operating lease commitments includes contracted amounts for leases of premises and plant and equipment under noncancelable operating leases expiring within three years. On renewal, the terms of the leases are renegotiated. Leases for premises include an annual review for CPI increases.

The Sydney office lease contains two renewal options, each for a three year period. These renewal options are not included in the commitments as they may be cancelled by the consolidated entity. The consolidated entity at this stage intends to exercise the two remaining options. In order to exercise an option, the consolidated entity must inform the lessor no later than 6 months prior to the end of the lease, by which time it must commit to the term of the option.

### Note 35. Related party transactions

#### *Parent entity*

Novogen Limited is the parent entity.

### **Note 35. Related party transactions (continued)**

#### *Subsidiaries*

Interests in subsidiaries are set out in note 38.

#### *Key management personnel*

Disclosures relating to key management personnel are set out in note 31 and the remuneration report included in the directors' report.

#### *Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Payment for other expenses:		
Accounting fees paid to Watkins Coffey Martin, an entity (partnership) in which Steven Coffey is a partner	-	6,800
Salary and ETP paid to Prue Kelly, the partner of Dr Graham Kelly, a Director	-	47,333
In addition to Director's fees, Consultancy fees for executive duties while Iain Ross was Acting CEO were paid to Gladstone Consultancy Partnership, a UK based consulting partnership in which he has a beneficial interest.	-	266,247
In addition to Director's fees, Consultancy fees for executive duties were paid to Kumara Inc, a corporation in which Ian Phillips is a Director and has a beneficial interest.	20,531	120,137
In addition to Director's fees, Consultancy fees for executive duties were paid to John O'Connor.	37,500	-

There was no other transaction with KMP and their related parties.

#### *Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

#### *Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

#### *Terms and conditions*

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

### **Note 36. Parent entity information**

Set out below is the supplementary information about the parent entity.

#### *Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(9,732,539)	(12,160,583)
Total comprehensive income	(9,732,539)	(12,160,583)

**Note 36. Parent entity information (continued)**

*Statement of financial position*

	Parent	2017	2016
	\$	\$	\$
Total current assets		17,355,670	30,820,348
Total assets		33,893,910	36,331,871
Total current liabilities		3,538,190	3,313,983
Total liabilities		8,556,224	3,313,983
Equity			
Contributed equity		193,769,408	191,301,217
Other contributed equity		600,000	1,716,102
Reserves		2,040,688	1,556,547
Accumulated losses		(171,072,410)	(161,555,978)
Total equity		<u>25,337,686</u>	<u>33,017,888</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

As a condition of the Class Order 98/1418 (as amended), Novogen Limited and the subsidiaries, entered into a Deed of Cross Guarantee on 28 May 1999. The effect of the deed is that Novogen Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entities. The subsidiaries have also given a similar guarantee in the event that Novogen Limited is wound up. Refer to note 39.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2017 and 30 June 2016, except as detailed in note 33 and note 37.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment at as 30 June 2017 and 30 June 2016.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

### Note 37. Business combinations

#### Glioblast Pty Ltd

On 31 October 2016, Novogen announced it acquired 100% of the issued shares in Glioblast Pty Ltd, a privately-held, neuro-oncology-focused Australian biotechnology company. On the same day, Novogen entered into a worldwide licensing agreement with Genentech to develop and commercialise GDC-0084 ("the Molecule"). These events have been considered a business combination in accordance with AASB 3.

Details of the acquisition are as follows:

	<b>Fair value</b> \$
Intellectual property	16,407,789
Deferred tax liability	<u>(4,512,142)</u>
Net assets acquired	11,895,647
Goodwill	<u>-</u>
Acquisition-date fair value of the total consideration transferred	<u><u>11,895,647</u></u>
Representing:	
Cash paid or payable to vendor	7,097,152
Novogen Limited shares issued to vendor	1,543,854
Contingent consideration	<u>3,254,641</u>
	<u><u>11,895,647</u></u>
	<b>Consolidated</b>
	<b>2017</b>
	<b>2016</b>
	\$
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	16,407,789
Less: contingent consideration	<u>(3,254,641)</u>
Less: shares issued by company as part of consideration	<u>(1,543,854)</u>
Less: Deferred Tax Liability	<u>(4,512,142)</u>
Net cash used	<u><u>7,097,152</u></u>

#### 37.1 Consideration transferred

Acquisition-related costs amounting to \$345,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of other expenses.

#### 37.2 Goodwill

There is no goodwill arising from this business combination.

### Note 37. Business combinations (continued)

#### 37.3 Glioblast's contribution to the Group's results

Glioblast contributed \$nil to the Group's revenues and profits, respectively from the date of the acquisition to 30 June 2017. Had the acquisition occurred on 1 July 2016, the Group's revenue for the financial year ended 30 June 2017 would be unchanged.

#### 37.4 Contingent consideration

The Glioblast acquisition contains four contingent milestone payments, the first two milestone payments are to be settled with Novogen shares, and the third and fourth milestone payments are to be settled with either cash or Novogen shares at the discretion of Novogen.

The Genentech Agreement comprises of one milestone payment payable on the first commercial licensed product sale.

The range of outcomes of contingent consideration are summarised below.

Milestone	Contingent consideration-Low	Contingent consideration-High
1	1,250,000	1,250,000
2	1,250,000	1,250,000
3	3,000,000	3,705,000
4	3,400,000	4,199,000
5	1,394,000	1,394,000
Total	10,294,000	11,798,000

The contingent considerations listed above are undiscounted.

Each milestone payment is probability weighted for valuation purposes. The milestone payments are discounted to present value, using a discount rate of 35% per annum, if they are expected to be achieved more than 12 months after the valuation date.

Novogen is also required to pay royalties to Genentech in relation to net sales. These payments are related to future financial performance, and are not considered as part of the consideration in relation to the Genentech Agreement.

### Note 38. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2017 %	2016 %
Novogen Laboratories Pty Ltd	Australia	100.00%	100.00%
Novogen Research Pty Ltd	Australia	100.00%	100.00%
Novogen North America, Inc.	United States of America	100.00%	100.00%
Glioblast Pty Ltd	Australia	100.00%	-
Triaxial Pharmaceuticals Pty Ltd	Australia	-	100.00%

The consolidated entity approved the dissolution of Triaxial Pharmaceuticals Pty Ltd., which is wholly owned by the consolidated entity. The dissolution of Triaxial Pharmaceuticals Pty Ltd was completed on 20 December 2016.

### Note 39. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Novogen Limited  
 Novogen Laboratories Pty Ltd  
 Novogen Research Pty Ltd  
 Triaxial Pharmaceuticals Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Novogen Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

	<b>2017</b> \$	<b>2016</b> \$
<b>Statement of profit or loss and other comprehensive income</b>		
Other income	9,407,434	15,346,046
Research and development expense	(10,656,315)	(9,101,236)
General and administrative expense	(8,737,360)	(17,322,261)
Loss on disposal of fixed assets	(11,103)	(2,303)
Loss on disposal of CanTx, Inc. after income tax expense	-	(568,842)
Finance costs	<u>(764,635)</u>	<u>(36)</u>
<b>Loss before income tax benefit</b>	(10,761,979)	(11,648,632)
Income tax benefit	<u>197,707</u>	<u>-</u>
<b>Loss after income tax benefit</b>	(10,564,272)	(11,648,632)
<b>Other comprehensive income</b>		
Loss on the revaluation of available-for-sale financial assets, net of tax	<u>8,952</u>	<u>(2,773)</u>
Other comprehensive income for the year, net of tax	8,952	(2,773)
<b>Total comprehensive income for the year</b>	<u>(10,555,320)</u>	<u>(11,651,405)</u>
<b>Equity - accumulated losses</b>		
Accumulated losses at the beginning of the financial year	(160,724,240)	(149,075,608)
Loss after income tax benefit	(10,564,272)	(11,648,632)
Transfer from other contributed equity	<u>216,101</u>	<u>-</u>
Accumulated losses at the end of the financial year	<u>(171,072,411)</u>	<u>(160,724,240)</u>

**Note 39. Deed of cross guarantee (continued)**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Statement of financial position</b>		
<b>Current assets</b>		
Cash and cash equivalents	14,269,214	33,326,797
Trade and other receivables	5,184,820	632,282
	<u>19,454,034</u>	<u>33,959,079</u>
<b>Non-current assets</b>		
Receivables	-	4,242
Available-for-sale financial assets	21,803	12,851
Other financial assets	2	1
Property, plant and equipment	488,171	587,333
Intangibles	15,918,353	822,241
	<u>16,428,329</u>	<u>1,426,668</u>
<b>Total assets</b>	<u>35,882,363</u>	<u>35,385,747</u>
<b>Current liabilities</b>		
Trade and other payables	1,859,816	1,285,501
Provisions	140,147	96,923
Unearned revenue	41,003	-
Contingent consideration	3,315,401	-
	<u>5,356,367</u>	<u>1,382,424</u>
<b>Non-current liabilities</b>		
Deferred tax	4,314,435	-
Other	170,276	153,697
Contingent consideration	703,599	-
	<u>5,188,310</u>	<u>153,697</u>
<b>Total liabilities</b>	<u>10,544,677</u>	<u>1,536,121</u>
<b>Net assets</b>	<u>25,337,686</u>	<u>33,849,626</u>
<b>Equity</b>		
Contributed equity	193,769,409	191,301,217
Other contributed equity	600,000	1,716,101
Reserves	2,040,688	1,556,548
Accumulated losses	(171,072,411)	(160,724,240)
<b>Total equity</b>	<u>25,337,686</u>	<u>33,849,626</u>

**Note 40. Events after the reporting period**

Novogen issued 2,240,000 unlisted Options with exercise price of \$0.0668 on 7 August 2017. Options vest in four equal tranches on the anniversary of the issue date and will be fully vested on 7 August 2021. The Options expire on 7 August 2022. Upon exercise, Options convert into Ordinary Shares.

No other matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 41. Earnings per share**

	<b>Consolidated</b>	
	<b>2017</b>	<b>2016</b>
	\$	\$
Loss after income tax	(10,670,377)	(12,154,527)
Non-controlling interest	-	91,871
	<hr/>	<hr/>
Loss after income tax attributable to the owners of Novogen Limited	<hr/>	<hr/>
	<hr/>	<hr/>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	467,833,849	427,431,910
Weighted average number of ordinary shares used in calculating diluted earnings per share	<hr/>	<hr/>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(2.28)	(2.82)
Diluted earnings per share	(2.28)	(2.82)

24,000,000 unlisted convertible notes with a face value of \$600,000, 45,984,325 unlisted options and 31,484,002 listed options have been excluded from the above calculations as they were antidilutive.

#### Note 42. Share-based payments

The options in tranches 1 - 3 in the table below have been issued as consideration for services rendered in relation to capital raising conducted during the previous year by the consolidated entity.

The options in tranches 4 - 11 in the table below have been issued to employees under the ESOP. In total, \$475,189 (2016: \$372,208) of employee remuneration expense (all of which related to equity-settled share-based payment transactions) has been included in profit or loss and credited to share-based payment reserve.

**2017**

Tranche	Grant date	Expiry date	Exercise price	Balance at the start of		Balance at the end of		
				the year	Granted	Exercised	Forfeited	the year
1	04-03-2015	16-12-2019	\$0.150	466,470	-	-	-	466,470
2	04-03-2015	18-12-2019	\$0.150	199,521	-	-	-	199,521
3	24-06-2015	30-06-2020	\$0.400	5,190,000	-	-	-	5,190,000
4	15-10-2015	16-11-2020	\$0.220	5,200,008	-	-	(1,566,674)	3,633,334
5	18-03-2016	01-02-2021	\$0.199	3,000,000	-	-	-	3,000,000
6	18-03-2016	01-02-2021	\$0.199	2,000,000	-	-	-	2,000,000
7	18-03-2016	01-02-2021	\$0.261	2,500,000	-	-	-	2,500,000
8	05-09-2016	05-09-2021	\$0.163	-	2,000,000	-	-	2,000,000
9	12-10-2016	17-10-2021	\$0.156	-	620,000	-	-	620,000
10	31-10-2016	01-11-2021	\$0.138	-	500,000	-	-	500,000
11	21-11-2016	23-11-2021	\$0.138	-	2,000,000	-	-	2,000,000
				18,555,999	5,120,000	-	(1,566,674)	22,109,325
Weighted average exercise price				\$0.2680	\$0.1500	\$0.0000	\$0.2200	\$0.2440

- \* Options from Tranche 1 to Tranche 3 listed above were vested and exercisable at the end of the period.
- Options from Tranche 4 listed above include 1/3 vested options at the end of the period.
- Options from Tranche 5 listed above include 1/4 vested and exercisable options at the end of the period.
- All remaining options are expected to vest in future periods.

The weighted average remaining contractual life of options outstanding at the 30 June 2017 is 3.55 years.

**Note 42. Share-based payments (continued)**

2016

Grant date	Expiry date	Exercise price	Balance at		Expired/ forfeited/	Balance at	
			the start of the year	Granted		Exercised	other
Grant date	Expiry date	Exercise price	the start of the year	Granted	Exercised	other	the end of the year
04-03-2015	16-12-2019	\$0.150	466,470	-	-	-	466,470
04-03-2015	18-12-2019	\$0.150	199,521	-	-	-	199,521
24-06-2015	30-12-2015	\$0.300	1,380,000	-	-	(1,380,000)	-
24-06-2015	30-06-2020	\$0.400	5,190,000	-	-	-	5,190,000
15-10-2015	16-11-2020	\$0.220	-	5,500,008	-	(300,000)	5,200,008
18-03-2016	01-02-2021	\$0.199	-	3,000,000	-	-	3,000,000
18-03-2016	01-02-2021	\$0.199	-	2,000,000	-	-	2,000,000
18-03-2016	01-02-2021	\$0.261	-	2,500,000	-	-	2,500,000
			7,235,991	13,000,008	-	(1,680,000)	18,555,999
Weighted average exercise price			\$0.358	\$0.220	\$0.000	\$0.286	\$0.268

The weighted average remaining contractual life of options outstanding at the 30 June 2016 is 4.33 years.

*Employee share options*

During the year ended 30 June 2017, 5,120,000 options have been issued to the employees during the year by the consolidated entity pursuant to the Company's Employee Share Option Plan.

- Tranche 8 of 2,000,000 options vesting equally over 4 years
- Tranche 9 of 620,000 options vesting equally over 4 years
- Tranche 10 of 500,000 options vesting equally over 3 years
- Tranche 11 of 2,000,000 options vesting equally over 4 years.

An option will only vest if the option holder continues to be a full-time employee with the Company or an Associated Company during the vesting period relating to the option.

Conditions for an option to be exercised:

- The option must have vested and a period of 1 years from the date the option was issued must have expired;
- Option holder must have provided the Company with an Exercise Notice and have paid the Exercise Price for the option.
- The Exercise Notice must be for the exercise of at least the Minimum Number of Options;
- The Exercise Notice must have been provided to the Company and Exercise Price paid before the expiry of 5 years from the date the Option is issued.

*Options Valuation*

In order to obtain a fair valuation of these options, the following assumptions have been made:

The Black Scholes option valuation methodology has been used with the expectation that the majority of these options would be exercised towards the end of the term of these options. Inputs into the Black Scholes model includes the share price at grant date, exercise price, volatility, and the risk free rate of a five year Australian Government Bond on grant date.

The exercise prices and expiry dates of these options are disclosed in the table above.

#### **Note 42. Share-based payments (continued)**

Risk-free rate and grant date

For all tranches, the risk-free rate of a five-year Australian Government bond on grant date was used. Please refer to the table below for details.

The Tranche 8 to Tranches 11 options have various vesting periods and exercising conditions. These options are unlisted as at 30/06/2017.

No dividends are expected to be declared or paid by the consolidated entity during the terms of the options.

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time. No special features inherent to the options granted were incorporated into measurement of fair value.

Based on the above assumptions, the table below sets out the valuation for each tranche of options:

Tranche	Grant date	Expiry date	Share price at Grant Date	Exercise price	Volatility (%)	Remaining Option Life	Fair value per option	Risk free Rate
1	04/03/2015	16/12/2019	\$0.180	\$0.150	120.00%	2.46	\$0.150	2.07%
2	04/03/2015	18/12/2019	\$0.180	\$0.150	120.00%	2.47	\$0.150	2.07%
3	24/06/2015	30/06/2020	\$0.245	\$0.400	150.00%	3.00	\$0.217	2.02%
4	15/10/2015	16/11/2020	\$0.140	\$0.220	158.11%	3.38	\$0.128	2.04%
5	18/03/2016	01/02/2021	\$0.115	\$0.199	130.00%	3.59	\$0.081	2.00%
6	18/03/2016	01/02/2021	\$0.115	\$0.199	130.00%	3.59	\$0.086	2.00%
7	18/03/2016	01/02/2021	\$0.115	\$0.261	130.00%	3.59	\$0.087	2.00%
8	05/09/2016	05/09/2021	\$0.105	\$0.163	122.00%	4.19	\$0.084	1.60%
9	12/10/2016	17/10/2021	\$0.098	\$0.156	122.00%	4.30	\$0.078	1.89%
10	31/10/2016	01/11/2021	\$0.090	\$0.138	122.00%	4.34	\$0.072	1.87%
11	21/11/2016	23/11/2021	\$0.092	\$0.138	122.00%	4.40	\$0.073	2.10%

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 39 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

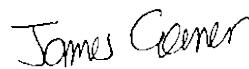
On behalf of the Board of Directors



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Mr Iain Ross  
Chairman

29 August 2017  
Sydney



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Dr James Garner  
Managing Director, Chief Executive Officer

Level 17, 383 Kent Street  
Sydney NSW 2000

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## Independent Auditor's Report to the Members of Novogen Limited

### **Report on the audit of the financial report**

#### **Opinion**

We have audited the financial report of Novogen Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of \$10,670,377 and net operating cash outflows of \$11,434,698 during the year ended 30 June 2017. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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### 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 of the current period. These 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.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<b>Recognition of R&amp;D tax incentive (Notes 2 &amp; 10)</b> <p>Under the research and development (R&amp;D) tax incentive scheme, the Company receives a 43.5% refundable tax offset of eligible expenditure if its turnover is less than \$20 million per annum, provided it is not controlled by income tax exempt entities. An R&amp;D plan is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash. Management engaged an R&amp;D expert to perform a detailed review of the Group's total R&amp;D expenditure to determine the potential claim under the R&amp;D tax incentive legislation. The receivable at year-end for the incentive was \$3.97m. This represents an estimated claim for the period 1 July 2016 to 30 June 2017.</p> <p>We focused on the R&amp;D tax incentive due to the size of the receivable and because there is a degree of judgement and interpretation of the R&amp;D tax legislation required by management to assess the eligibility of the R&amp;D expenditure under the scheme.</p> <p>This area is a key audit matter due to recognition of the R&amp;D tax incentive being a significant risk.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>enquiring with management to obtain and document an understanding of the process to estimate the claim;</li> <li>evaluating the competence, capabilities and objectivity of management's expert;</li> <li>utilising our internal R&amp;D tax expert to consider the nature of the expenses against the eligibility criteria of the R&amp;D tax incentive scheme to form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria;</li> <li>comparing the nature of the R&amp;D expenditure included in the current year estimate to the prior year claim;</li> <li>comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger;</li> <li>considering the entity's history of successful claims;</li> <li>inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims; and</li> <li>reviewing relevant disclosures in the financial statements.</li> </ul>
<b>Acquisition accounting (Note 37)</b> <p>During the year, the Company completed a business combination consisting of the acquisition of Glioblast Pty Ltd. Simultaneously, the Company entered into a licensing agreement with Genentech to develop the GDC-0084 molecule.</p> <p>Accounting for business combinations can be complex as it requires a high degree of judgements and estimates.</p> <p>This area is a key audit matter due to the acquisition accounting being a significant risk.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>reading the acquisition and licensing agreements to understand the terms and conditions of the business combination and evaluating management's application of the relevant accounting standards;</li> <li>obtaining the report prepared by management's experts to gain an understanding of the valuation methodology and key assumptions used;</li> <li>evaluating the competence, capabilities and objectivity of management's expert;</li> <li>assessing the estimation of the contingent consideration by challenging the key assumptions including discount rate and probability of achievement of future milestones, including comparing the actual performance since acquisition against the projected milestones;</li> <li>engaging our internal valuation experts to assess the reasonableness of: <ul style="list-style-type: none"> <li>the underlying valuation methodology; and</li> <li>the discount factor applied;</li> </ul> </li> <li>challenging the methodology and assumptions utilised to identify and determine the fair value of the assets and liabilities acquired; and</li> <li>reviewing relevant disclosures in the financial statements.</li> </ul>

Key audit matter, continued	How our audit addressed the key audit matter
<p><b>Intangible asset impairment (Notes 2 &amp; 37)</b></p> <p>The Company carries on its statement of financial position the Genentech Licensing Agreement which grants the Company the right to develop the GDC-0084 molecule. The asset is being amortised over the 20-year life of the underlying patent. The Company also carries an intangible asset relating to intellectual property for the super-benzopyran drug platform which arose from the purchase of Triaxial Pharmaceuticals Pty Ltd in a prior period. The asset was recognised at cost at acquisition and is being amortised over the life of the 5-year patent.</p> <p>AASB 136 <i>Impairment of Assets</i> requires that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset.</p> <p>Assessing whether there is any indication that an asset may be impaired involves a high degree of judgement.</p> <p>This area is a key audit matter due to intangible asset impairment being a significant risk.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of and evaluating management's process and controls related to assessment of the existence of impairment indicators;</li> <li>• assessing management's conclusions on the existence of impairment indicators for reasonableness based on the current status of the development factors;</li> <li>• considering each of the internal and external factors outlined by AASB 136 and assessing whether any indicators of impairment are present; and</li> <li>• reviewing relevant disclosures in the financial statements.</li> </ul>

#### **Information Other than the Financial Report and Auditor's Report Thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, 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 we do not express any form of assurance conclusion thereon.

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

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

#### **Responsibilities of the Directors for the Financial Report**

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a

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

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

### **Report on the Remuneration Report**

#### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 17 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Novogen Limited, for the year ended 30 June 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S M Coulton  
Partner - Audit & Assurance

Sydney, 29 August 2017

The shareholder information set out below was applicable as at 24 August 2017.

### Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	1,415	700,951
1,001 to 5,000	1,389	3,928,620
5,001 to 10,000	709	5,618,732
10,001 to 100,000	1,592	58,499,777
100,001 and over	465	414,539,834
	<hr/> <hr/>	<hr/> <hr/>
	5,570	483,287,914
Holding less than a marketable parcel	<hr/> <hr/>	<hr/> <hr/>
	3,632	11,570,238

### Equity security holders

#### Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares % of total shares issued
Number held	
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	173,903,059 35.98
HISHENK PTY LTD	26,900,000 5.57
D & G BROWN INVESTMENTS PTY LIMITED	9,029,446 1.87
KILINWATA INVESTMENTS PTY LIMITED	8,865,449 1.83
DR ANDREW HEATON	4,561,961 0.94
EL CORONADO HOLDINGS	4,531,633 0.94
PHYTOSE CORPORATION PTY LTD (BOUNDARY ONE SUPERFUND A/C)	4,426,970 0.92
MISS MI OK CHONG	4,288,483 0.89
PHYTOSE CORPORATION PTY LTD (BOUNDARYONE S/F A/C)	3,919,192 0.81
C & L JACKSON INVESTMENTS PTY LTD (JACKSON FAMILY S/FUND A/C)	3,803,457 0.79
MR EVAN KNIGHT MORGAN + MRS CAROLYN MARY MORGAN (EVAN K MORGAN SUPER A/C)	3,250,000 0.67
MR MICHAEL MIHRAN ABOLAKIAN + MRS NAIRY ABOLAKIAN + MR STEPHEN ABOLAKIAN (HISHENK PTY LTD SF A/C)	3,232,858 0.67
MR MOHAMMED SHAHEED	2,768,754 0.57
VNA HOLDINGS PTY LTD	2,294,982 0.47
MR IAIN ROSS	2,200,000 0.46
A DI BELLA PTY LTD	2,095,191 0.43
SEVEN SANDS PTY LTD	1,855,000 0.38
BIONOVA PTY LTD	1,767,676 0.37
MRS ALISON LOUISE SUTERS + MR MARK GERARD SUTERS	1,613,111 0.33
CITICORP NOMINEES PTY LIMITED	1,601,678 0.33
	<hr/> <hr/>
	266,908,900 55.22

#### Unquoted equity securities

There are no unquoted equity securities.

### **Substantial holders**

Substantial holders in the company are set out below:

	<b>Ordinary shares</b>	<b>% of total shares issued</b>
<b>Number held</b>		
HISHENK PTY LTD	26,900,000	5.57

### **Voting rights**

The voting rights attached to ordinary shares are set out below:

#### *Ordinary shares*

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

There are no other classes of equity securities.