

sienna
CANCER DIAGNOSTICS



Sienna Cancer Diagnostics Limited
2017 ANNUAL REPORT

ACN 099 803 460



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Sienna is an Australian company whose goal is identifying, developing and commercialising innovative and novel diagnostic technologies which satisfy an unmet clinical and market need in the detection, characterisation and monitoring of cancer.

Diagnostics tests can provide early detection of a number of diseases or conditions, which can lead to better patient outcomes following treatment. Sienna has developed an in vitro diagnostic (“IVD”) test to detect human Telomerase Reverse Transcriptase (“hTERT”) in clinical samples. hTERT is a component of the telomerase enzyme complex which acts to extend and maintain

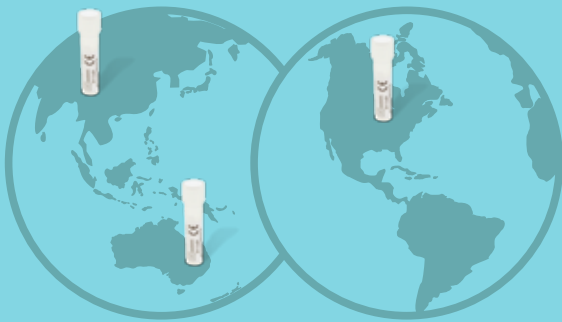
telomeres in cells, and thereby plays a fundamental role in cell proliferation and cellular ageing.

Importantly, telomerase is up-regulated in nearly all epithelial cancer cells and it is this fact that underlies Sienna’s first IVD product. Sienna has registered with the Food & Drug Administration (FDA) in the USA, an antibody called “Anti-hTERT Antibody (SCD-A7)”, which is being used by pathology laboratories to identify the presence of hTERT. The first application of this technology is addressing an unmet clinical need in the assessment of urine samples being investigated for bladder cancer.

Established Business

Immediate access to market for Sienna's IVD test in the bladder cancer application via distribution partners (in the USA, the United Kingdom, Denmark, Sweden and Switzerland) to pathology laboratories.

Patient healthcare reimbursement already established in the USA for Sienna's IVD test.



Growth Opportunities

Large addressable global market.

Platform technology with potential broad utility.

Alignment of business model with current market dynamics, driving a low threshold for adoption.

Revenue and profit driver for pathology laboratories in reimbursed markets such as United States.



Commercialised Product

Sienna's existing technology is already being utilised in a number of commercial laboratories.



Existing Revenue

Existing revenue with the opportunity for incremental growth in the near term.



Regulatory Approvals

Major regulatory milestones achieved with existing registration in the USA, the EU and Australia.



EC

REP

Sienna's product is positioned for the global IVD market for use in pathology laboratories

The revenue for cancer diagnostics in the USA in 2014 was

\$5.6B¹

Sienna's initial target segment is the urine cytology (the study of the structure or morphology of cells) market. Sienna believes there are between

1.3-1.6M

urine cytology tests

performed each year in the United States alone. Each of those tests is a target for an adjunct test using Sienna's product. At an average reimbursement price to the laboratory customer of USD108.38 for each adjunct test performed, Sienna has the ability to participate in a market valued at over

US\$140M

in the USA in the application of bladder cancer. Sienna's business model is to receive a proportion of the reimbursement through product sales (via its distribution partner) to the laboratory performing the test.

In addition to driving uptake in this established market, the Company is conducting research and development into the possible expansion of the technology into the broader cytology market. With the USA representing approximately 42% of the global cytology based IVD market,² Sienna estimates there are approximately

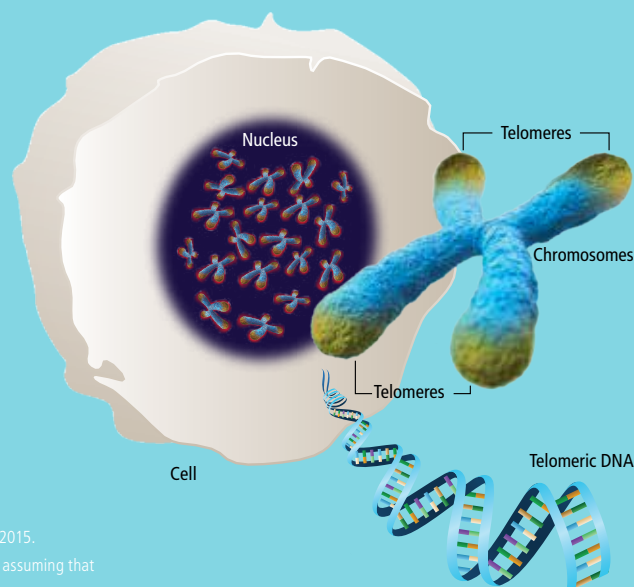
3.5M

urine cytology tests

performed globally which further expands the opportunity for increased sales.

If Sienna successfully develops and validates additional cytology applications for its telomerase based product, the global market opportunity will expand.

Sienna intends to pursue additional technologies, such as new biomarkers, with a view to in-licensing or directly acquiring these technologies, enabling product pipeline and portfolio expansion.



1. The World Market for Cancer Diagnostics, 6th Edition Kalorama Information, Sannes & Associates, Inc., Sept 2015.

2. Based on geographical distribution data of the Papanicolaou stain (a cytology based test) as reported in Ref 1, assuming that urine cytology and other cytology based tests will have a similar geographical spread.

Sienna has achieved regulatory registration in the USA, Europe and Australia for its product, "Anti-hTERT Antibody (SCD-A7)", which can be used by pathology laboratories to identify the hTERT component of telomerase.

The Anti-hTERT Antibody and its use are part of the Company's proprietary technology and form the backbone of the telomerase diagnostic platform.

Sienna's antibody can detect the presence of hTERT in a range of cell types, including malignant (cancer) cells. A pathology laboratory uses the antibody in performing an assay to stain cells. This technique, known as immunocytochemistry (ICC), is a cell staining process used to detect the presence of a biomarker (in Sienna's

case, the protein hTERT), thereby allowing visualisation and examination under a microscope. ICC is a valuable tool, routinely used by diagnostic laboratories for the determination of cellular contents. Samples that can be analysed include smears, aspirates, swabs, urine, cultured cells, and cell suspensions.

By utilising this technique, the laboratory clinician can evaluate whether or not cells in a particular sample contain the biomarker in

question, hTERT. In cases where a positive signal is found, the test shows subcellular localisation, potentially assisting the referring physician in their diagnostic determination. Laboratory technicians use Sienna's test to detect the presence of hTERT in the cell nucleus of epithelial cells, which provides an indication that the cell is potentially cancerous.



Sienna believes that its IVD test is the first IVD registered test to detect the presence of hTERT in a range of cytology samples.



Sienna's test has been registered with the FDA (USA regulatory authority), the Medicines and Healthcare products Regulatory Agency (MHRA – a European regulatory authority) and the Therapeutic Goods Administration (TGA – Australian regulatory authority) for human clinical use.

The first application Sienna has commercialised for the telomerase test is as an adjunct to urine cytology to assist in the diagnosis of bladder cancer. Telomerase is up-regulated in 90% of bladder cancers.^{3,4} This application was chosen as an initial target because of the high number of urine cytology tests performed each year and the significant unmet clinical need (urine cytology has traditionally had poor sensitivity in detecting bladder cancer, especially in low grade cancer⁵).

Sienna's IVD product was developed with the following key attributes to enable rapid access to the diagnostics market:

- It uses samples already being collected and sent to the laboratory (for example, urine samples are collected from patients being investigated for bladder cancer for urine cytology testing).
- It has been designed as an adjunct to existing non-invasive tests, providing further clinical evidence and therefore adding information to the testing already being undertaken, while not competing with those tests.
- The test does not require dedicated equipment. The format in which the test is provided allows it to be used on existing laboratory automated platforms, without the need to purchase expensive specialist equipment.
- It uses existing reimbursement codes in the USA related to immunohistochemistry (IHC)/ immunocytochemistry (ICC) antibody testing.

The registration of the new IVD product provides a significant market opportunity for Sienna. The Company believes that the USA bladder cancer detection market accounts for approximately 1.3 to 1.6 million urine cytology tests per year. This is only one clinical application for the test.

Supply and distribution agreements have been executed with partners in the USA, the UK, Denmark, Sweden and Switzerland, with additional partnerships being explored in a number of other countries.

USA bladder cancer detection market accounts for approximately 1.3-1.6 million cytology tests per year

Revenue growth may be achieved through:

- increased market penetration in the countries in which the product was recently launched.
- geographical expansion into additional countries across Europe, Asia and the rest of the world.
- expanding the clinical applications of the product into other cytology based samples for investigation of additional cancer types.
- research into further applications in the area of histology (the study of the structure of tissues as seen under a microscope) based samples.
- adding new products to the pipeline through in-license or acquisition of new biomarkers or other cancer related technologies.

Sienna has a skilled and capable team with strong internal resources which, when combined with the Company's partners, has the ability to deliver on our strategy.

³. Chen, C-H and Chen, R-J (2011) Prevalence of telomerase activity in human cancer. J Formos Med Assoc 110 (5):275-289.

⁴. Shay, JW and Bacchetti, S (1997) A survey of telomerase activity in human cancer. Eur J Cancer 33(5):787-791.

⁵. Brimo, F et al (2009) Accuracy of urine cytology and the significance of an atypical category Am J Clin Pathol 132:785-793.



It gives us great pleasure to present Sienna Cancer Diagnostics Limited's first Annual Report as a publicly listed company after our debut on the Australian Securities Exchange (ASX) on 3 August 2017. Listing on the ASX marked the beginning of a new phase for Sienna and has encouraged more than 500 additional investors to join our ranks. Welcome to all new shareholders. The Board, management and staff are dedicated to delivering value on your investment.



During the reporting period, Sienna obtained regulatory approvals in the USA, EU and Australia for a test that detects a component of an enzyme complex (telomerase) that is present at elevated levels in nearly all epithelial cancer cells. The test can be used by pathology laboratories to detect the presence of this biomarker. The first application of this technology is addressing an unmet clinical need in the assessment of urine samples being investigated for bladder cancer.

The funds raised through our ASX listing will allow us to progress our four strategic priorities:

Grow Revenues From Bladder Cancer Application in the USA

The Company appointed a distributor in the USA (StatLab Medical Products) who have launched the IVD product in that market, and sales, whilst modest, are now growing. The Company has also appointed a US based Commercial Manager who will focus on growing revenues in that region through a range of sales, marketing and technical support initiatives. He will work closely with Sienna's distribution partner in the US.

Geographical Expansion

The Company has developed a range of plans to see our technology adopted in all of the major pathology markets globally. We have recently appointed a Business Development Manager to further refine and execute those plans.

Extend Clinical Applications to Additional Cancer Types

Our test has potential applications in the detection and monitoring of a broad array of cancers beyond bladder cancer. An experienced Research and Development Manager has been appointed to drive the expansion project for the telomerase product.

Technology Expansion

The Company is working to develop a pipeline of additional products using the skills and expertise that have been gained from our activities to date.

Through diligent execution of these strategic initiatives we aim to grow revenues and expand our capabilities to deliver an exciting future for our shareholders.

On behalf of the Board, we would like to thank all of our staff for shouldering the immense additional workload associated with listing whilst maintaining steady progress on our commercial objectives. Finally, we would like to thank our shareholders, many of whom have had an association with the Company since its inception, for their ongoing support. We look forward to providing you with regular updates on our achievements.

Geoff Cumming
Chairman

Matthew Hoskin
Chief Executive Officer



Directors

The Directors of Sienna Cancer Diagnostics Limited (Sienna, the Group, or the Company) present their report for the financial year ended 30 June 2017.

Geoffrey Cumming	Non-executive Chairman
David Earp	Non-executive Director
Carl Stubbings	Non-executive Director
John Chiplin	Non-executive Director
David Neate	Non-executive Director (resigned 23 May 2017)
Clifford Holloway	Managing Director/Chief Executive Officer (appointed 5 November 2015, resigned as Managing Director 11 August 2016 and resigned as Chief Executive Officer 15 August 2016)

Principal Activities

Sienna is a medical technology company that develops and commercialises cancer-related in-vitro diagnostic tests that address unmet clinical needs. Sienna's target market is pathology laboratories worldwide. The first product developed and brought to market by Sienna is the first in-vitro diagnostic test for detection of hTERT, a component of the biomarker telomerase.

During the 2017 financial year the key areas of activity related to:

- further development of Sienna's IVD test (SCD-A7)
- the commencement of a large-scale bladder cancer study at Johns Hopkins University School of Medicine
- the appointment of product distribution agents in the United States, the United Kingdom, and Switzerland
- the search for further distribution agents for rest-of-world markets
- achievement of ISO13485 certification in October 2016, required for US IVD registration and European CE marking
- listing of the IVD with the Food and Drug Administration (FDA) in the United States as a class 1 product
- registration of SCD-A7 with the European regulatory authority as a CE-marked IVD
- listing Sienna's IVD on the Therapeutic Goods Administration's (TGA) Australian Register of Therapeutic Goods (ARTG)
- the commercial launch of SCD-A7 in the USA
- continuation of clinical validation studies for the collection of data to support the uptake of the IVD test following launch
- research for expanded utility of Sienna's IVD product
- capital raising activities via a rights issue to shareholders and a prospectus for an Initial Public Offering (IPO)
- preparations for an Australian Securities Exchange (ASX) listing

Corporate Information

Corporate Structure

Sienna, a company limited by shares, is incorporated and domiciled in Australia. Sienna has prepared a consolidated financial report incorporating the entity that it controlled during the financial year.

The parent company, Sienna Cancer Diagnostics Limited, became a publicly listed company on 3 August 2017 with the ticker code SDX. At the date of listing on the ASX, Sienna had 643 shareholders. Prior to the listing Sienna was an unlisted public company. Sienna owns 100% of Melbourne Diagnostics Pty Ltd.

The registered office and principal place of business is located at 1 Dalmore Drive, Scoresby, Victoria, Australia, 3179.

Review of Operations

Operating results

The Group reported a net loss, after the capitalisation of development expenditure, of \$695,310 (2016: \$476,700) for the reporting period. If not for the capitalisation of development expenditure the Group would have recorded a net loss of \$1,350,919 (2016: \$1,357,342), as expenditure of \$655,609 (2016: \$880,642) for SCD-A7 was capitalised as an intangible asset.

Revenue

Total revenue recorded for the financial year was \$1,456,945 (2016: \$1,343,998). Product revenues increased to \$803,574 (2016: \$640,664), the receipt of the refundable research and development tax offset contributed \$637,523 (2016: \$682,921) and interest income added \$15,848 (2016: \$17,697). The comparative year included a foreign currency gain of \$2,716.

Operating Expenditure

Total operating expenditure for the financial period, before the capitalisation of development expenses for SCD-A7, was \$2,807,864 (2016: \$2,701,340). Development expenditure of \$655,609 (2016: \$880,642) incurred to 21 December 2016 was capitalised as an intangible asset, to meet the requirements of accounting standard AASB 138 – Intangible Assets. The process of capitalising development expenditure for SCD-A7 ceased on 21 December 2016, the date the product was first available for sale to customers. Having the product available for sale marks the commencement of the process of amortising the balance of accumulated development expenditure, and as a result an amortisation charge of \$58,562 (2016: Nil) was recorded for the 2017 financial year.

Employee and contractor costs before the capitalisation of development expenditure reduced to \$1,497,812 from \$1,714,322 recorded in the prior financial year, following the resignation of the Chief Executive Officer (CEO) / Managing Director in August 2016. Those responsibilities were taken up by the senior executives and the Board until

April 2017, when the Chief Operating Officer was promoted to the role. Research and development expenditure before the capitalisation of development expenses increased slightly to \$560,264 (2016: \$514,588). Travel and meetings expenditure reduced to \$72,328 (2016: \$110,609) following the resignation of the Sydney based CEO. A doubtful debts expense of \$202,635 (2016: Nil), was recognised following the Chapter 11 bankruptcy filing of a significant customer. On 16 March 2017, the Group became aware that Bostwick Laboratories Inc. had filed for chapter 11 bankruptcy protection in the United States. Sienna has registered invoices with the courts as an unsecured creditor of the chapter 11 filing, for product incomes earned in December 2016, January 2017, February 2017 and the first 15 days of March 2017, representing USD155,370 (AUD202,635) of revenue. As the directors are unsure as to what amount, if any, will eventually be recovered from the chapter 11 filing, an allowance for doubtful debts for this amount was recorded in March 2017.

A credit of \$1,949 was recorded for share-based payments (2016: an expense of \$64,882), the combination of the expense for the current reporting period and the reversal of prior period charges for options that expired or were forfeited.

Cash flow

Net cash used in operating activities totalled \$792,807 (2016: \$68,169). The net decrease in cash for the financial year was \$358,526 (2016: net cash increase \$277,721). Cash reserves at 30 June 2017 were \$720,399 (30 June 2016: \$1,080,657). Receipts from operating activities totalled \$646,904 (2016: \$742,753), with reduced cash inflow from product income, \$611,147 (2016: \$693,736), due to Bostwick Laboratories entering chapter 11 bankruptcy protection in 2017, and the balance representing the refund of GST input tax credits. The Research and Development Tax Incentive refund contributed \$637,523 (2016: \$682,921) to cashflow and interest receipts added \$15,104 (2016: \$17,897). Payments to suppliers and employees increased to \$2,092,338 (2016: \$1,511,740), largely due to the reduction in the amount of development expenditure capitalised as an intangible asset for SCD-A7. Cash flow relating to the capitalised development expenditure is categorised as an investment cash flow.

Net cash used in investing activities reduced to \$723,811 from \$896,919 recorded for the prior financial year. The reduction in cash outflow for investing activities relates to the reduction of capitalised development expenditure in 2017, \$653,877 (2016: \$880,642). Approximately six months of development expenditure for SCD-A7 was capitalised in the 2017 financial year, compared to a full year of expenditure in the 2016 financial year. The purchase of intangible assets relates to patent legal fees which increased to \$56,741 (2016: \$10,220).

The inflow of cash recorded for financing activities, \$1,158,092 (2016: \$1,242,809) represents the net proceeds from the issue of new ordinary shares.

Contributed Equity

On 30 November 2017, rights issue documentation was despatched to registered holders of the Company's ordinary shares. The rights issue offered shareholders the opportunity to purchase 1 new ordinary share at 17 cents, for every 4.26 shares held at 7pm on 17 November 2016. For every three (3) new ordinary shares purchased, one (1) option, exercisable at 22 cents, was granted to the shareholder. These options vest on 2 April 2018 and expire on 2 October 2018. A total of 7,300,186 new ordinary shares were issued during the financial year, representing \$1,231,426 of new capital, with the rights issue being the major contributor. A total of 2,273,314 options were issued to shareholders pursuant to the rights issue. During the 2016 financial year the exercise of shareholder options and the issue of shares to new and existing shareholders added \$1,288,084 to contributed equity. Capital raising expenses incurred during the reporting period were \$73,334 (2016: \$45,275).

Future Developments

The Group does not foresee any unusual future event that may significantly negatively impact the Company's operations, results or state of affairs.

Sienna's business model of developing diagnostic products for global markets will always bear some risk given the nature of technological development, competitors entering the market, changes in global healthcare, reliance on commercial partners and our ability to access capital to sustain operations. We cannot guarantee that Sienna's technology will be widely adopted and sold by pathology laboratories. Moreover, the global Healthcare industry is an ever-evolving landscape where changes in reimbursement for diagnostics may impact our business opportunities.

Dividends

No dividends were paid or declared since the start of the financial year. No recommendation for payment has been made.

After Balance Date Events

On 3 August 2017, Sienna Cancer Diagnostics Ltd listed on the Australian Securities Exchange (ASX), having lodged a prospectus with the Australian Securities and Investment Commission (ASIC) on 25 May 2017. The company raised a total of \$4,597,600, before capital raising expenses, in new capital pursuant to the prospectus, and 22,988,000 new ordinary shares, at 20 cents per share, were issued on 31 July 2017. The total number of ordinary shares on issue following the new allotment of shares was 180,262,327. The ASX determined that 24,426,629 of this total be subject to escrow for a period of 24 months from listing date.

There has been no other matter or circumstance which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

- The operations, in financial years subsequent to 30 June 2017, of the consolidated entity, or
- The results of those operations, or

- c. The state of affairs, in financial years subsequent to 30 June 2017, of the consolidated entity.

Environmental Issues

Sienna's operations are subject to certain environmental regulations under the laws of the Commonwealth and State. In order to ensure compliance with the Environment Protection Act 1970 the consolidated entity engages an external waste management consultant. This consultant is certified to ISO 14001, ISO 9001 and AS/NZ4801. The Directors are not aware of any breaches during the period covered by this report.

Significant Changes in State of Affairs

Apart from matters referred to throughout the Directors' Report, there have been no significant changes in the state of affairs of the Company.

Share-Based Payments

The Group operates an Employee Share Option Plan (ESOP). Each option provides the holder with the right to purchase an ordinary share in the parent entity at a pre-determined price. During the year ended 30 June 2017, 2,500,000 (2016: 5,700,000) new options were issued pursuant to the Group's ESOP, 4,500,000 options were cancelled upon cessation of employment (2016: 330,000) and a further 200,000 (2016: 7,450,000) expired. Options offered to Sienna Directors and staff are subject to a number of conditions which can restrict both vesting and the exercising of the options. Subsequent to the end of the financial year, 210,000 employee options were forfeited and a further 600,000 options were issued to employees under the plan. The new options are exercisable at 25 cents, vest in three equal tranches: 12, 24 and 36 months from issue, and have a four (4) year life. At the date of the Directors Report a total of 13,193,314 options were on issue: 2,273,314 shareholder options and 10,920,000 options issued under the ESOP, representing 7.31% of the total issued capital of Sienna Cancer Diagnostics Ltd.

There were no ordinary shares issued during the financial year from the exercise of employee share options.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company 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 any part of these proceedings.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under s307C of the Corporations Act 2001 is set out on page 24.

None of Sienna's officers are former partners or directors of Sienna's auditor, Walker Wayland NSW Chartered Accountant.

Non-Audit Services

Walker Wayland NSW Chartered Accountants were paid \$8,000 (2016: \$4,629) for non-audit services during the 2017 financial year. Walker Wayland NSW Chartered Accountants prepared the investigating accountant's report for Sienna's prospectus dated 25 May 2017.

Directors' Related Party Transactions

Directors related party transactions are detailed in Note 19 to the financial statements.

Indemnifying and insurance of Directors and other Officers

The Company has paid a premium for Directors' and Officers' Liability (Management Liability) Insurance.

Under the Company's constitution:

- i. To the extent permitted by law and subject to the restrictions in sections 199A and 199B of the Corporations Act 2001, the Company indemnifies every person who is or has been an officer of the Company against any liability (other than for legal costs) incurred by that person as an officer of the Company.
- ii. To the extent permitted by law and subject to the restrictions in sections 199A and 199B of the Corporations Act 2001, the Company indemnifies every person who is or has been an officer of the Company against reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Company.

The Company insures its Directors, Company Secretary and executive officers under a Management Liability Insurance policy. Under the Company's Management Liability Insurance Policy, the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

Directors and Company Secretary

Names, qualifications, experience and special responsibilities

Geoffrey Cumming

Non-executive Chairman, appointed Non-executive Director 27 January 2006, appointed Non-executive Chairman 9 June 2006.

Qualifications BSc (Hons), BAppSc, MAICD, MBA, Ph.D.

Experience Geoff has held senior roles in the global healthcare and biotechnology sector for more than 20 years. As Managing Director, Roche Diagnostic Systems (Oceania), Geoff transformed the loss-making entity the Swiss parent was intending to divest, into the fastest growing and most profitable affiliate in the Roche group. In his role as Managing Director/CEO of Biosceptre International Ltd,

Geoff was successful in designing and securing key funding arrangements through a skilful range of capital raising initiatives, including large government grants, partnering and co-development deals. His most recent executive role was as Managing Director / CEO of Anteo Diagnostics Ltd (ASX: ADO). He is currently a Non-executive Director of Anteo Diagnostics Ltd and Medical Australia Ltd (ASX: MLA).

Special Responsibilities Member of the Audit Committee

Carl Stubbings

Non-executive Director, appointed 31 December 2011, Acting CEO from August 2016 to March 2017.

Qualifications BSc

Experience Carl has considerable experience commercialising diagnostic products, both locally and globally. Based in the USA for 13 years, he served as Senior Vice President for Panbio USA Ltd and Vice-President of Sales and Marketing for Focus Diagnostics, a subsidiary of Quest Diagnostics, one of the world's largest pathology laboratories. In July 2012, Carl moved back to Australia and has held roles at Benitec Biopharma Limited (ASX:BLT, NASDAQ:BNTC), where he was Chief Business Officer, and more recently as Head of Commercialisation at BCAL Diagnostics, a start-up company developing a blood test for breast cancer. In addition to his executive roles, Carl is also a Non-executive Director of ASX listed medical device company Analytica Medical Limited (ASX:ALT) and Otakaro Pathways, a New Zealand based company developing a diagnostic test for Crohn's disease.

Special Responsibilities Chair of the Remuneration Committee

David J. Earp

Non-executive Director, appointed 1 December 2012

Qualifications BSc (Hons), J.D., Ph.D.

Experience David was a partner in an intellectual property law firm, advising life science clients, prior to taking senior roles in a number of biotechnology companies. From 1999 until 2012, David served in various roles at Geron Corporation (NASDAQ:GERN), including Chief Patent Counsel, Chief Legal Officer and Senior Vice President of Corporate Transactions. From 2005 to 2010, David was a Board member of TA Therapeutics Ltd. (Hong Kong, PRC). He served on the Board of ViaGen Corporation (Austin, Texas) from 2008-2012, including as Executive Chairman from 2010 until the company was acquired in a trade sale. He is currently the President, CEO and a Director of Circle Pharma, an early stage biotechnology company located in San Francisco, California. David holds a BSc with First Class Honours from Leeds University (UK), a PhD in biochemistry from Cambridge University (UK) and a JD from Lewis and Clark Northwestern School of Law (Portland, Oregon).

Special Responsibilities Member of the Audit and Remuneration Committees

John Chiplin

Non-executive Director, appointed 22 January 2016

Qualifications BPharm, MRPharm, Ph.D.

Experience John is an experienced healthcare executive who brings considerable capital markets experience to the Sienna Board. His most recent executive position was CEO of Polynoma LLC, a US based cancer immunotherapy company, and he was formerly the founding CEO of ASX listed Arana Therapeutics Limited prior to that company's acquisition by Cephalon (now Teva). Before his appointment at Arana, Dr Chiplin was head of the UK's \$300M ITI Life Science investment fund. He is currently a Non-executive Director of ASX listed biotechnology companies Benitec Biopharma Limited (ASX:BLT, NASDAQ:BNTC), Cynata Therapeutics Limited (ASX:CYP) and Adalta Limited (ASX:1AD). He is the Chairman of UK AIM listed company Scancell Holdings Plc (AIM:SCLP). Dr Chiplin is also the founder and Managing Director of Newstar Ventures, an early stage investment fund.

Special Responsibilities Member of the Remuneration Committee

David Neate

Non-executive Director, appointed 23 May 2005, resigned 23 May 2017

Qualifications BCom

Experience David is Sienna's largest shareholder and has extensive commercial expertise and experience in understanding and managing the needs of growing businesses. With a background in financial markets and commercial and residential property development, David owns and manages a successful and expanding business in the fashion import industry and a broad and diverse portfolio of international investments. He has a strong focus on corporate governance and accountability.

Special Responsibilities Chair of the Audit Committee, resigned 23 May 2017

Tony Di Pietro

Company Secretary, appointed 25 February 2015

Qualifications BComm, CPA, AGIA

Experience Tony commenced in the role of Chief Financial Officer in November 2014 and was appointed Company Secretary in February 2015. He is a CPA accredited accountant with over 15 years of corporate accounting experience, gained both in Australia and the UK. He also holds a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Tony's experience spans many industries including biotechnology, resources, banking, patient transport, security and parking, having been employed by companies such as BHP Ltd (Now BHP Billiton Ltd), ExxonMobil Ltd, HSBC Ltd and Wilson Group. Tony was previously at Acrux Limited, where he was a key member of management for more than 10 years. During this period, Acrux transitioned from a small loss-making public company to an ASX listed company generating significant profits.

Meetings of Directors and Committees

The Board utilises the following committees to make recommendations on governance and strategic matters. The Audit & Risk and Remuneration Committees make recommendations to the Board.

Audit and Risk Committee

Chaired by David Neate (until his resignation on 23 May 2017) and comprising Geoffrey Cumming and David Earp.

Remuneration Committee

Chaired by Carl Stubbings and comprising David Earp and John Chiplin.

The following table sets out the number of Director and Committee meetings of the Company held during the financial year, and the number of meetings attended by each Director.

Director	Directors' Meetings		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Geoffrey Cumming	24	24	2	2	-	-
Carl Stubbings	24	23	-	-	2	2
David Earp	24	24	2	2	2	2
John Chiplin	24	22	-	-	2	2
David Neate ¹	22	21	2	2	-	-
Clifford Holloway ²	1	1	-	-	-	-

¹ Resigned 23 May 2017.

² Resigned 11 August 2016.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

The Remuneration Report, which forms part of the Directors' report, sets out information about the remuneration of the Company's Directors and its Key Management Personnel for the financial year ended 30 June 2017.

Names and positions held by Directors and Key Management Personnel at any time during the financial year are:

Name	Position	Date Appointed to position
Dr Geoffrey Cumming	Non-Executive Chairman	9 June 2006
Mr Carl Stubbings	Non-Executive Director	31 December 2011
Dr David Earp	Non-Executive Director	1 December 2012
Dr John Chiplin	Non-Executive Director	22 January 2016
Mr David Neate	Non- Executive Director	23 May 2005, Resigned 23 May 2017
Mr Matthew Hoskin ¹	Chief Executive Officer (CEO)	1 April 2017
Dr Clifford Holloway ²	Managing Director/CEO	5 November 2015 / 1 May 2015

¹ Mr. Hoskin held the position of Chief Operating Officer (COO) prior to his appointment to the role of CEO. While employed in the role of COO he was considered a member of Key Management Personnel.

² Resigned 11 August 2016/15 August 2016.

Directors' and Key Management Personnel Interests in Ordinary Shares and Options

Directors' and Key Management Personnel's interests in the ordinary shares of Sienna Cancer Diagnostics Ltd and options over ordinary shares as at the date of this report are detailed below:

Name	Position	Total Number of Ordinary Shares	Total Number of Options
Dr Geoffrey Cumming	Non-Executive Chairman	848,860 ¹	600,000 ⁴
Mr Carl Stubbings	Non-Executive Director	113,975 ²	400,000 ⁴
Dr David Earp	Non-Executive Director	133,334 ³	400,000 ⁴
Dr John Chiplin	Non-Executive Director	125,000	-
Mr Matthew Hoskin	CEO	-	4,300,000 ⁵
TOTAL		1,221,169	5,700,000

¹ A total of 237,225 of these shares were compulsorily escrowed by the ASX for a 24-month period from the ASX listing date, 3 August 2017.

² A total of 28,494 of these shares were compulsorily escrowed by the ASX for a 24-month period from the ASX listing date, 3 August 2017.

³ A total of 33,334 of these shares were compulsorily escrowed by the ASX for a 24-month period from the ASX listing date, 3 August 2017.

⁴ Any shares issued from the exercise of these options will be compulsorily escrowed by the ASX until the second anniversary of the ASX listing date, 3 August 2019.

⁵ Any shares issued from the exercise of 2,500,000 options granted to Mr. Hoskin on 1 April 2017 will be compulsorily escrowed by the ASX until the second anniversary of the ASX listing date, 3 August 2019.

Remuneration Policy

The aim of the Company's remuneration policy is to align the interests of directors and employees with those of shareholders. To do this Sienna:

- Sets remuneration levels that attract and retain highly skilled and experienced directors and employees; and
- Motivates and rewards performance that advances the Company's strategic goals.

Remuneration Structure

The remuneration of Key Management Personnel and employees is structured in two parts:

- Fixed Remuneration, comprising: base salary, superannuation (payable under the Superannuation Guarantee Act) and other benefits in lieu of salary; and
- Variable Remuneration, which may comprise: a short-term incentive bonus (cash) and a long-term incentive in the form of options under the ESOP.

The Company aims to set the level of fixed remuneration at market levels for comparable jobs, in similarly structured and sized companies in the industry in which the Company operates. No advice from a remuneration consultant was sought during the financial year for the Company's remuneration structure.

Short-Term Incentive Plan

The short-term incentive plan provides an incentive to employees to achieve an annual cash bonus on the achievement of corporate goals set at the beginning of each calendar year. These corporate goals are clearly defined, drive shareholder value and can be objectively measured. The percentage of an employee's base salary that can be earned through the Short-Term Incentive Plan (STIP) is set by the Board for Key Management Personnel and by Key Management Personnel for all other employees. At the end of the calendar year the Board assesses the level of achievement of these corporate goals. Payments made pursuant to the STIP are at the discretion of the Board.

Long-Term Incentive Plan

The purpose of the long-term incentive plan is to align the interests of directors, key management personnel and employees with those of the shareholders and provide reward for sustained achievement of the Group's strategic objectives. Sienna's long-term incentive plan is implemented through the Employee Share Option Plan (ESOP).

The key terms of the ESOP are:

- Options vest in three equal tranches from the issue date: the first tranche 12 months from the issue date, the second tranche 24 months from the issue date, and the third tranche 36 months from the issue date.
- Should options vest, they expire 4 or 5 years from issue date.
- Options lapse 60 days following resignation or termination of employment, other than death, permanent medical disability, mental incapacity or retirement upon achievement of the customary retirement age.
- The sum of all unexpired options issued under this plan may not at any time exceed 15% of the issued share capital of Sienna.
- As an ASX listed entity, the exercise price of new options will be set at a price that is greater than:
 - the weighted average price at which ordinary shares in Sienna have traded on the ASX over the 30 days before the date on which the option is granted, and
 - \$0.20.
- The Directors may, from time to time add to or vary the plan rules, provided that the additions or variations do not reduce a participants' rights or entitlements in respect of any option granted before the date of alteration or addition unless prior written approval is obtained from the affected participant.

Note 20 to the financial statements provides details of the options issued under the ESOP.

Non-executive Director Remuneration

The Remuneration Committee considers the level of remuneration necessary to attract and retain Directors with the skills and experience required by the Company at its stage of development. The Committee makes recommendations to the Board.

Non-executive Directors fees are paid within an aggregate limit which is approved by the shareholders from time to time. The current limit of \$300,000 for Non-executive Director fees was approved by shareholders at the 2015 Annual General Meeting (AGM). No retirement payments are made to Non-executive Directors. Non-executive Directors do not receive any additional remuneration for being Board Committee members. Non-executive Directors participate in the company's ESOP.

For the 2017 financial year, the Australian based Non-executive Chairman's fees were \$50,000 per annum plus 9.5% superannuation while the Australian based Non-executive Directors' fees were \$25,000 per annum plus 9.5% superannuation. The United States based Non-executive Directors' fees were \$27,375 per annum. No options were issued to Directors under the ESOP during the 2017 financial year and no ordinary shares were issued to Directors on exercise of any options issued under ESOP.

Key Management Personnel Remuneration

Key Terms of the CEO's employment contract

Matthew Hoskin is employed under an executive employment agreement dated 1 April 2017. The key terms of the agreement are:

- **Remuneration:** Total fixed remuneration at the rate of \$240,000 per annum until the date Sienna listed on the ASX (3 August 2017), at which time his salary increased to \$280,000 per annum, plus mandatory statutory superannuation contributions payable under the Superannuation Guarantee Act.
- **Short Term Incentive:** A maximum cash payment of 20% of base salary earned for the calendar year can be attained on the achievement of annual corporate goals set by the Board.
- **Intellectual Property:** All intellectual property developed by Matthew in connection with his services remains the property of the Company.
- **Termination:** The agreement may be terminated by either party by the giving of 3 months' notice.

Mr. Hoskin is eligible to participate in Sienna's ESOP and holds a total of 4,300,000 options under the plan at the date of this report:

- 1,500,000 issued in November 2014, exercisable at 22 cents, expiring in February 2018.
- 2,500,000 issued in April 2017 (at the commencement of his role as CEO), exercisable at 24.3 cents, expiring in April 2022; (Any shares issued from the exercise of these options will be compulsorily escrowed by the ASX until 3 August 2019).
- 300,000 issued in August 2017, exercisable at 25 cents, expiring in August 2021.

Details of the remuneration of Directors and Key Management Personnel for the 2017 financial year are provided below:

	Short-term Benefits				Post-employment Superannuation (\$)	Equity-based compensation Options* (\$)	Total (\$)	% of Perform. Based Rem.
	Cash salary and fees (\$)	Cash bonus (\$)	Non- monetary benefits (\$)	Consultancy (\$)				
NON-EXECUTIVE DIRECTORS								
Geoffrey Cumming	50,000	-	-	-	4,750	997	55,747	-
Carl Stubbings	25,000	-	-	-	2,375	584	27,959	-
David Earp	27,375	-	-	-	-	579	27,954	-
John Chiplin	27,373	-	-	-	-	-	27,373	-
David Neate ¹	22,294	-	-	-	2,118	980	25,392	-
CEO								
Matthew Hoskin ²	214,171	6,150	-	-	18,677	13,612	252,610	2%
MANAGING DIRECTOR AND CEO								
Clifford Holloway ³	33,572	-	-	-	2,607	-	36,179	-
TOTAL	399,785	6,150	-	-	30,527	16,752	453,214	1%

* The methodology used to value the options is detailed in Note 1 n. of the Financial Statements.

¹ Resigned 23 May 2017.

² Mr Hoskin held the position of Chief Operating Officer (COO) prior to his appointment to the role of CEO on 1 April 2017. While employed in the role of COO he was considered a member of Key Management Personnel.

³ Resigned as Managing Director on 11 August 2016 and CEO on 15 August 2016.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Details of the remuneration of Directors and Key Management Personnel for the 2016 financial year are provided below:

	Short-term Benefits				Post-employment Superannuation (\$)	Equity-based compensation Options* (\$)	Total (\$)	% of Perform. Based Rem.
	Cash salary and fees (\$)	Cash bonus (\$)	Non- monetary benefits (\$)	Consultancy (\$)				
NON-EXECUTIVE DIRECTORS								
Geoffrey Cumming	50,000	-	-	-	4,750	-	54,750	-
Carl Stubbings	25,000	-	-	-	2,375	-	27,375	-
David Earp	27,375	-	-	-	-	-	27,375	-
David Neate ¹	25,000	-	-	-	2,375	-	27,375	-
Donald Robertson ²	16,871	-	-	-	1,603	-	18,474	-
KEY MANAGEMENT PERSONNEL								
Matthew Hoskin ³	215,250	-	-	-	20,282	19,561	255,093	-
MANAGING DIRECTOR AND CEO								
Clifford Holloway ⁴	280,000	-	-	-	19,308	38,819	338,127	-
TOTAL	639,496	-	-	-	50,693	58,380	748,569	-

* The methodology used to value the options is detailed in Note 1 n. of the Financial Statements.

¹ Resigned 23 May 2017.

² Resigned 4 March 2016.

³ Mr. Hoskin held the position of Chief Operating Officer (COO) prior to his appointment to the role of CEO on 1 April 2017. While employed in the role of COO he was considered a member of Key Management Personnel.

⁴ Resigned as Managing Director on 11 August 2016 and CEO on 15 August 2016.

Option Holdings

The number of options over ordinary shares in the Company held during and at the end of the financial year by each Director and Key Management Personnel, including related parties, are set out below:

	Balance at Beginning of Year	Granted During Year	Exercised During Year	Forfeited or Lapsed During Year	Balance at End of Year	Vested and Exercisable at End of Year	Unvested at End of Year
NON-EXECUTIVE DIRECTORS							
Geoffrey Cumming	600,000	-	-	-	600,000	600,000	-
Carl Stubbings	400,000	-	-	-	400,000	400,000	-
David Earp	600,000	-	-	(200,000)	400,000	400,000	-
John Chiplin	-	-	-	-	-	-	-
David Neate ¹	600,000	-	-	-	600,000	600,000	-
CEO							
Matthew Hoskin ²	1,500,000	2,500,000	-	-	4,000,000	1,500,000	2,500,000
MANAGING DIRECTOR AND CEO							
Clifford Holloway ³	4,500,000	-	-	(4,500,000)	-	-	-
TOTAL	8,200,000	2,500,000	-	(4,700,000)	6,000,000	3,500,000	2,500,000

¹ Resigned 23 May 2017.

² Mr Hoskin held the position of Chief Operating Officer (COO) prior to his appointment to the role of CEO on 1 April 2017. While employed in the role of COO he was considered a member of Key Management Personnel.

³ Resigned as Managing Director on 11 August 2016 and CEO on 15 August 2016.

DIRECTORS' REPORT – REMUNERATION REPORT (AUDITED)

Shareholdings

The number of ordinary shares in the Company held during and at the end of the 2017 financial year by each Director and Key Management Personnel of the Group, including related parties, are set out below.

	Balance at Beginning of Year	Share-based compensation	Exercise of Options	Other transactions with Company	On-market and other transactions	Balance at End of Year
NON-EXECUTIVE DIRECTORS						
Geoffrey Cumming	823,860	-	-	-	-	823,860
Carl Stubbings	113,975	-	-	-	-	113,975
David Earp	133,334	-	-	-	-	133,334
John Chiplin	-	-	-	-	-	-
David Neate ¹	17,002,970	-	-	-	-	17,002,970
CEO						
Matthew Hoskin ²	-	-	-	-	-	-
MANAGING DIRECTOR AND CEO						
Clifford Holloway ³	-	-	-	-	-	-
TOTAL	18,074,139	-	-	-	-	18,074,139

¹ Resigned 23 May 2017.

² Mr Hoskin held the position of Chief Operating Officer (COO) prior to his appointment to the role of CEO on 1 April 2017. While employed in the role of COO he was considered a member of Key Management Personnel.

³ Resigned as Managing Director on 11 August 2016 and CEO on 15 August 2016.

The numbers of ordinary shares in the Company held during and at the end of the 2016 financial year by each Director and Key Management Personnel of the Group, including related parties, are set out below:

	Balance at Beginning of Year	Share-based compensation	Exercise of Options	Other transactions with Company	On-market and other transactions	Balance at End of Year
NON-EXECUTIVE DIRECTORS						
Geoffrey Cumming	823,860	-	-	-	-	823,860
Carl Stubbings	113,975	-	-	-	-	113,975
David Earp	133,334	-	-	-	-	133,334
John Chiplin	-	-	-	-	-	-
David Neate ¹	17,002,970	-	-	-	-	17,002,970
CEO						
Matthew Hoskin ²	-	-	-	-	-	-
MANAGING DIRECTOR AND CEO						
Clifford Holloway ³	-	-	-	-	-	-
TOTAL	18,074,139	-	-	-	-	18,074,139

¹ Resigned 23 May 2017.

² Mr Hoskin held the position of Chief Operating Officer (COO) prior to his appointment to the role of CEO on 1 April 2017. While employed in the role of COO he was considered a member of Key Management Personnel.

³ Resigned as Managing Director on 11 August 2016 and CEO on 15 August 2016.

Voting and comments made at the Company's 2016 Annual General Meeting

As an unlisted entity at the end of the 2016 financial year, the Group was not required to have its Remuneration Report voted upon by shareholders.

This report is made in accordance with a resolution of the Directors.



Geoffrey J Cumming
Non-executive Chairman



David J Earp
Non-executive Director

Melbourne, Australia
Dated this 30th day of August 2017



Walker Wayland NSW

Chartered Accountants

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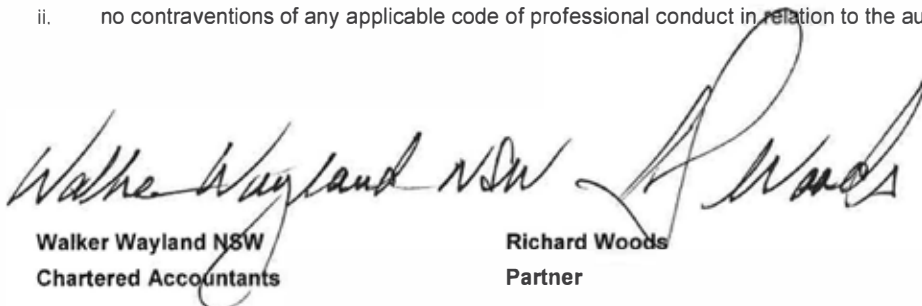
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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF SIENNA CANCER DIAGNOSTICS LIMITED**

We declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

- i. no contraventions of the auditors' independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.


Walker Wayland NSW
Chartered Accountants

Richard Woods
Partner

Dated this 30th day of August 2017, Sydney

Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Year Ended 30 June 2017

	Notes	2017 (\$)	2016 (\$)
REVENUE FROM ORDINARY ACTIVITIES			
Revenue	4	1,441,097	1,326,301
Interest Income	4	15,848	17,697
		1,456,945	1,343,998
EXPENSES			
Employee and contractor costs	5	(1,237,026)	(1,198,888)
Administration	5	(305,862)	(230,441)
Research and development	5	(201,000)	(215,212)
Insurance		(46,634)	(47,030)
Travel and meetings		(72,328)	(110,609)
Doubtful debts	9,21	(202,635)	-
Other expenses from ordinary activities		(8,250)	(701)
		(2,073,735)	(1,802,881)
Loss before impairment, depreciation and amortisation		(616,790)	(458,883)
Depreciation and amortisation	11,12	(78,520)	(17,817)
LOSS BEFORE INCOME TAX		(695,310)	(476,700)
Income tax expense	6	-	-
LOSS AFTER TAX		(695,310)	(476,700)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(695,310)	(476,700)
LOSS PER SHARE			
Basic loss per share (cents per share)	7	(0.00)	(0.00)
Diluted loss per share (cents per share)	7	(0.00)	(0.00)

Consolidated Statement of Financial Position As at 30 June 2017

	Notes	2017 (\$)	2016 (\$)
CURRENT ASSETS			
Cash and cash equivalents	8	720,399	1,080,657
Trade and other receivables	9	128,235	127,619
Other assets	10	224,107	50,173
TOTAL CURRENT ASSETS		1,072,741	1,258,449
NON-CURRENT ASSETS			
Intangibles	11	2,266,415	1,612,627
Property, plant and equipment	12	36,587	43,352
TOTAL NON-CURRENT ASSETS		2,303,002	1,655,979
TOTAL ASSETS		3,375,743	2,914,428
CURRENT LIABILITIES			
Trade and other payables	13	622,601	614,582
Provisions	14	84,821	105,971
TOTAL CURRENT LIABILITIES		707,422	720,553
NON-CURRENT LIABILITIES			
Provisions	14	24,191	10,578
TOTAL NON-CURRENT LIABILITIES		24,191	10,578
TOTAL LIABILITIES		731,613	731,131
NET ASSETS		2,644,130	2,183,297
EQUITY			
Issued capital	15	16,747,019	15,588,927
Reserves	16	132,762	140,911
Accumulated losses	17	(14,235,651)	(13,546,541)
TOTAL EQUITY		2,644,130	2,183,297

Consolidated Statement of Changes in Equity For The Year Ended 30 June 2017

	Issued Capital (\$)	Reserves (\$)	Accumulated Losses (\$)	Total (\$)
BALANCE AT 30 JUNE 2015	14,346,118	76,029	(13,069,841)	1,352,306
Loss attributable to members	-	-	(476,700)	(476,700)
Share-based payments expense	-	64,882	-	64,882
Shares issued (net of issue costs)	1,242,809	-	-	1,242,809
BALANCE AT 30 JUNE 2016	15,588,927	140,911	(13,546,541)	2,183,297
Loss attributable to members	-	-	(695,310)	(695,310)
Share-based payments expense	-	(8,149)	6,200	(1,949)
Share issued (net of issue costs)	1,158,092	-	-	1,158,092
BALANCE AT 30 JUNE 2017	16,747,019	132,762	(14,235,651)	2,644,130

Consolidated Statement of Cash Flow For The Year Ended 30 June 2017

	Notes	2017 (\$)	2016 (\$)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities		646,904	742,753
Receipts from the research and development tax incentive		637,523	682,921
Interest received		15,104	17,897
Payments to suppliers and employees		(2,092,338)	(1,511,740)
NET CASH USED IN OPERATING ACTIVITIES	18(b)	(792,807)	(68,169)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intangibles		(56,741)	(10,220)
Purchase of property, plant and equipment		(13,193)	(6,057)
Payment for capitalised development costs		(653,877)	(880,642)
NET CASH USED IN INVESTING ACTIVITIES		(723,811)	(896,919)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		1,231,426	1,288,085
Payment of share issue costs		(73,334)	(45,276)
NET CASH PROVIDED BY FINANCING ACTIVITIES		1,158,092	1,242,809
NET (DECREASE)/INCREASE IN CASH HELD		(358,526)	277,721
Cash and cash equivalent at beginning of financial year		1,080,657	791,338
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,732)	11,598
CASH AND CASH EQUIVALENT AT END OF FINANCIAL YEAR	18(a)	720,399	1,080,657

Note 1: Statement of Significant Accounting

The consolidated financial statements and notes represent those of Sienna Cancer Diagnostics Limited and Controlled Entities (the 'Consolidated Group' or 'Group').

The separate financial statements of the parent entity, Sienna Cancer Diagnostics Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001.

The financial report covers the economic entities of Sienna Cancer Diagnostics Limited and its controlled entities as an economic entity.

The financial statements were authorised for issue on 30th August 2017 by the Directors of the Company.

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

Basis of Preparation

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities.

Accounting Policies

a. Going Concern

The financial report has been prepared on a going concern basis. At 30 June 2017, the Group had net assets of \$2,644,130 (2016: \$2,183,297) and cash reserves of \$720,399 (2016: \$1,080,657). During the reporting period the Company received \$1,159,383 from the issue of new ordinary shares via a rights issue to existing shareholders.

Sienna Cancer Diagnostics Ltd lodged a prospectus with the Australian Securities and Investment Commission

(ASIC) on 25 May 2017. The prospectus details an offer to issue up to 30 million new ordinary shares at 20 cents per share, to raise a minimum of \$4 million and a maximum of \$6 million. On 3 August 2017, subsequent to the end of the financial year, Sienna listed on the Australian Securities Exchange (ASX) having raised a total of \$4,597,600 of new capital. The Board believes the new capital provides the Group with sufficient funding to execute the strategy detailed in the prospectus for approximately 2 years.

b. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available, against which deductible temporary differences can be utilised. No deferred tax assets have been recognised on the balance sheet as at 30 June 2017, as the probability of deriving a benefit is uncertain.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the expectation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Revenue Recognition

Revenue is recognised at the fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Interest Income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Product Revenue

Revenue from product agreements is made up of:

- Royalties based on the number of laboratory tests conducted by commercial partners. Royalty revenue is recognised in the period in which the laboratory tests occur.

- Revenue from the supply of product. Revenue from the supply of product is recognised in the period in which the product is supplied.
- Revenue arising as the result of a milestone (such as the signing of a commercial agreement). Revenue relating to milestones is recognised upon achievement of the milestone, which is the trigger point for the right to receive the revenue.

Revenue from the refund of the federal government's Research and Development Tax Incentive program is recognised when it is received.

Other revenue is recognised as received or over the period to which it relates.

d. Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquiring the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the statement of financial position.

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

e. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant & Equipment

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including building and capitalised lease assets but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Items of property, plant and equipment, are depreciated over their estimated useful lives.

The depreciation rates for each class of asset are:

Class of Non-Current Asset	Depreciation Rate
Office Furniture and Equipment	5.00% - 50.00% straight line
Research Equipment	25.00% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

f. Impairment of Assets

At each reporting date the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for intangible assets with both finite and indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

h. Investments

Non-current investments are measured at cost. The carrying amount of non-current investments is reviewed

annually by Officers of the Group to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the underlying net assets of the investment. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

i. Intangibles

Patents

Patents are recognised at cost of acquisition. Patents have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. No amortisation expense has been recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ending 30 June 2017 (2016: Nil), as no patent had been granted at 30 June 2017.

The amortisable amount of patents is amortised on a straight line basis over the term of the patent commencing from the time the patent is registered.

Research and development

Research and Development Expenditure during the research phase of a project is recognised as an expense when incurred. Product development costs are capitalised only when each of the following specific criteria has been satisfied:

1. Technical feasibility of completing development of the product and obtaining approval by regulatory authorities.
2. Ability to secure a commercial partner for the product.
3. Availability of adequate technical, financial and other resources to complete development of the product, obtain regulatory approval and secure a commercial partner.
4. Reliable measurement of expenditure attributable to the product during its development.
5. High probability of the product entering a major diagnostic market.

Capitalised development costs have a finite life and are amortised on a systematic basis over the period from when the product becomes available for use and ceases at the earlier of the date the asset is expected to exit the market or that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with AASB 5.

Capitalised development expenditure for SCD-A7 began the process of amortisation on 21 December 2016, the date the product became available for sale. A 20-year period of amortisation has initially been determined for the development expenditure of SCD-A7. This is the period in which the Group is expected to derive economic benefits. The basis of amortisation is to be

reviewed annually to assess whether it remains an appropriate amortisation period.

j. Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable and other creditors are normally settled within 60 days.

k. Employee Entitlements

Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

Share-based compensation

The Group operates a share-based compensation plan. This consists of an employee share option plan. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

l. Financial Instruments

Recognition

Financial instruments are initially measured at cost on transaction date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

m. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

n. Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

Capitalised development expenditure

The Board and Officers of the Group are required to use judgement when determining whether the recognition requirements for the capitalisation of development expenditure are met. The Intangible Asset balance on the Consolidated Statement of Financial Position includes a total of \$2,168,026 (2016: \$1,570,979) of capitalised development expenditure for SCD-A7. Capitalised development expenditure is disclosed in Note 11 'Intangible Assets'. The Board and Officers periodically assess whether there are any indicators that capitalised expenditure may be impaired. During the reporting period \$655,609 (2016: \$880,642) of development expenditure was capitalised as an intangible asset on the basis that the Board and Officers expect future economic benefits to be derived from the asset. No further expenditure for SCD-A7 is to be capitalised, as the product became available for sale to customers on 21 December 2016. The Board and officers have initially determined a 20 year period of amortisation for these development expenditures, the period in which the Group expects to derive future economic benefits.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. No impairment expense was recorded for the 2017 or 2016 financial years.

Share-based payments

Sienna operates an Employee Share Option Plan (ESOP). The non-cash expense of issuing these options is calculated using a Binomial option pricing model. This model requires the input of a number of variables including an estimate of future volatility and a risk-free interest rate. Volatility is calculated using the historical volatility of the shares of an ASX listed company operating in the same industry as the Group. The risk free interest rate used is the federal government's 10 year bond rate on the options grant date plus 2.5%.

Employee entitlements

The calculation of long service leave benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of these benefits. Historical trends are used to estimate these factors.

o. Adoption of New and Revised Accounting Standards

During the current year, the Group has adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these Standards has not impacted the financial statements.

p. New Accounting Standards for Application in Future Periods

The Board has assessed the impact of the new, but not yet mandatory, accounting standards issued by Australian Accounting Standards Board (AASB). The standards assessed include AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018), AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018), and AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019). The two new standards that could have an impact on reporting the Group's financial performance, if the Group's operations were to remain constant in the future, are AASB 15: Revenue from Contracts with Customers, and AASB 16: Leases. The Group have elected not to early adopt these accounting standards. If they were to be adopted early, the application of AASB 15 would have no impact on the Group's transactions for the 2017 and 2016 financial years, while the application of AASB16 would require the recognition of a 'right to use' asset and associated lease liability on the balance sheet for the lease held for 1 Dalmore Drive, Scoresby, Victoria.

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Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2017

Note 2: Parent Information

	2017 (\$)	2016 (\$)
STATEMENT OF FINANCIAL POSITION		
The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with Accounting Standards.		
ASSETS		
Current assets	1,052,668	1,238,376
Non-current assets	2,303,042	1,655,979
TOTAL ASSETS	3,355,710	2,894,355
LIABILITIES		
Current liabilities	707,422	720,553
Non-current liabilities	24,191	10,578
TOTAL LIABILITIES	731,613	731,131
EQUITY		
Issued Capital	16,747,019	15,588,927
Reserves	132,762	140,911
Accumulated losses	(14,255,684)	(13,566,574)
TOTAL EQUITY	2,624,097	2,163,264
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	(695,310)	(476,700)
TOTAL COMPREHENSIVE INCOME	(695,310)	(476,700)

Guarantees

The Parent Company has not entered into any guarantees in relation to its subsidiary.

Contingent liabilities

At 30 June 2017, the Parent Company had no contingent liabilities (2016: Nil).

Note 3: Controlled Entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%) 2017	Percentage Owned (%) 2016
Melbourne Diagnostics Pty Ltd	Australia	100%	100%

* Percentage of voting power in proportion to ownership

Note 4: Revenue From Ordinary Activities

	2017 (\$)	2016 (\$)
REVENUE FROM OPERATING ACTIVITIES		
Product revenues	803,574	640,664
Research and development tax refund	637,523	682,921
Net foreign currency gain	-	2,716
	1,441,097	1,326,301
OTHER REVENUE FROM OPERATING ACTIVITIES		
Interest: Other third parties	15,848	17,697
TOTAL REVENUE FROM ORDINARY ACTIVITIES	1,456,945	1,343,998

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Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2017

Note 5: Loss From Ordinary Activities Before Income Tax

	2017 (\$)	2016 (\$)
Loss from ordinary activities before income tax after charging the following items:		
EMPLOYEE AND CONTRACTOR COSTS		
Staff salaries and wages	1,160,881	1,288,217
Directors' fees	152,042	155,880
Contractor fees	43,196	-
Superannuation	112,940	122,895
Share-based payments (credit)/expense	(1,949)	64,882
Other employment expenses	30,702	82,448
	1,497,812	1,714,322
Capitalised Development Expenditure – See note 11	(260,786)	(515,434)
PER CONSOLIDATED STATEMENT OF PROFIT OR LOSS	1,237,026	1,198,888
ADMINISTRATION		
Rental expense on operating lease	63,293	60,947
Legal fees	138,328	166,211
Other administration expenses	139,800	69,115
	341,421	296,273
Capitalised Development Expenditure – See note 11	(35,559)	(65,832)
PER CONSOLIDATED STATEMENT OF PROFIT OR LOSS	305,862	230,441
RESEARCH AND DEVELOPMENT		
	560,264	514,588
Capitalised Development Expenditure – See note 11	(359,264)	(299,376)
PER CONSOLIDATED STATEMENT OF PROFIT OR LOSS	201,000	215,212
DEPRECIATION AND AMORTISATION		
Depreciation of plant and equipment	15,494	13,976
Amortisation of building improvements	4,464	3,841
Amortisation of Capitalised Development Expenditure – See note 11	58,562	-
PER CONSOLIDATED STATEMENT OF PROFIT OR LOSS	78,520	17,817

Note 6: Income Tax Relating to Ordinary Activities

	2017 (\$)	2016 (\$)
Prima facie income tax benefit from ordinary activities after significant items and before income tax at 27.5% (2016: 30%)	(191,210)	(143,010)
Add/(subtract) tax effect:		
- Share option (credit)/expense	(536)	19,465
- Research and development tax incentive	(175,319)	(204,876)
- Amortisation of capitalised development expenses	16,105	-
- Doubtful debts expense	55,725	-
- Tax losses and temporary differences not brought to account	295,235	328,421
DEFERRED TAX ASSETS NOT BROUGHT TO ACCOUNT	-	-

Total tax losses not brought to account \$1,313,502 (2016: \$1,288,152). Tax losses for the 2016 financial year have been restated to include Melbourne Diagnostics Pty Ltd tax losses and adjust the taxable loss for effect of capitalising development expenditure for SCD-A7.

Note 7: Loss Per Share

	2017 (\$)	2016 (\$)
The following reflects the income and share data used in the calculations of basic and diluted loss per share:		
Loss used in calculating basic and diluted earnings per share	(695,310)	(476,700)

	2017 No. of Shares	2016 No. of Shares
Weighted average number of ordinary shares used in calculating basic loss per share	153,405,704	146,232,442
Basic and diluted loss per share (cents)	(0.00)	(0.00)

Calculation of diluted loss per share

Potential ordinary shares are considered to be antidilutive, therefore diluted loss per share is equivalent to the basic loss per share.

Note 8: Cash and Cash Equivalents

	2017 (\$)	2016 (\$)
Cash on hand	40	40
Cash at bank	720,359	1,080,617
	720,399	1,080,657

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Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2017

Note 9: Trade and Other Receivables

	2017 (\$)	2016 (\$)
Trade receivables	260,675	58,186
Allowance for doubtful debts	(202,635)	-
	58,040	58,186
Other receivables	70,195	69,433
	128,235	127,619

Credit Risk – Trade Debtors

The Group recognised an allowance of \$202,635 for doubtful debts in March 2017, following the announcement that Bostwick Laboratories Inc., a significant debtor, had entered Chapter 11 bankruptcy protection. The Directors are unsure as to what amount, if any, will eventually be recovered from this debtor. As a result, the full amount owed by the debtor has been recognised as a doubtful debt. The entity earned this revenue from the United States. There are no other impaired assets within Receivables; these balances are expected to be received. At 30 June 2016, the Group had a material credit risk exposure to a single Trade Debtor; the total amount due from this debtor was within the 30 day trading terms and subsequently paid.

Note 10: Other Assets

	2017 (\$)	2016 (\$)
Prepayments	224,107	50,173
	224,107	50,173

Note 11: Intangible Assets

	2017 (\$)	2016 (\$)
CAPITALISED DEVELOPMENT EXPENDITURE SCD-A7™		
Employee and contractor costs	1,239,653	978,867
External development expenses	835,257	475,993
Other capitalised expenses	151,678	116,119
Accumulated amortisation	(58,562)	-
	2,168,026	1,570,979
INTELLECTUAL PROPERTY		
Patents – at cost	98,389	41,648
Accumulated amortisation	-	-
	98,389	41,648
TOTAL ASSETS	2,266,415	1,612,627

	Patents (\$)	Capitalised Development (\$)	Total (\$)
MOVEMENT IN CARRYING AMOUNTS			
Balance at the beginning of the year	41,648	1,570,979	1,612,627
Additions	56,741	655,609	712,350
Amortisation	-	(58,562)	(58,562)
BALANCE AT THE END OF THE YEAR	98,389	2,168,026	2,266,415

Note 12: Property, Plant and Equipment

	2017 (\$)	2016 (\$)
Building Improvements – at cost	12,116	12,116
Accumulated Amortisation	(10,215)	(5,752)
	1,901	6,364
Office equipment – at cost	24,722	11,530
Accumulated depreciation	(6,778)	(2,937)
	17,944	8,593
Research equipment – at cost	46,742	46,957
Accumulated depreciation	(30,000)	(18,562)
	16,742	28,395
	36,587	43,352

	Building Improvements (\$)	Office Equipment (\$)	Research Equipment (\$)	Total (\$)
MOVEMENT IN CARRYING AMOUNTS				
Balance at the beginning of the year	6,364	8,593	28,395	43,352
Additions	-	13,193	-	13,193
Depreciation	(4,463)	(3,842)	(11,653)	(19,958)
BALANCE AT THE END OF THE YEAR	1,901	17,944	16,742	36,587

Note 13: Trade and Other Payables

	2017 (\$)	2016 (\$)
Accruals	163,070	320,544
Trade and other payables	459,531	294,038
	622,601	614,582

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Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2017

Note 14: Provisions

	2017 (\$)	2016 (\$)
CURRENT		
Provision for Annual Leave	71,921	78,055
Provision for Long Service Leave	12,900	27,916
	84,821	105,971
NON-CURRENT		
Provision for Long Service Leave	24,191	10,578
	24,191	10,578

Note 15: Issued Capital (Net)

	2017 (No.)	2016 (No.)	2017 (\$)	2016 (\$)
ORDINARY SHARES FULLY PAID	157,274,327	149,974,141	16,747,019	15,588,927
Balance at the beginning of the year	149,974,141	141,386,910	15,588,927	14,346,118
Issued during the year	7,300,186	8,587,231	1,231,426	1,288,084
Equity raising expenses	-	-	(73,334)	(45,275)
BALANCE AT THE END OF THE YEAR	157,274,327	149,974,141	16,747,019	15,588,927

Note 16: Reserves

	Notes	2017 (\$)	2016 (\$)
EQUITY-SETTLED EMPLOYEE BENEFITS RESERVE	20	132,762	140,911
Balance at the beginning of the year		140,911	76,029
Employee share options expense	5,20	36,870	133,315
Credit adjustment for options forfeited during the year	5,20	(38,819)	(2,912)
Credit adjustment for options expired during the year	5,20	-	(65,521)
Vested options expensed in prior periods which expired	17	(6,200)	-
BALANCE AT THE END OF THE YEAR		132,762	140,911

Note 17: Accumulated Losses

	Notes	2017 (\$)	2016 (\$)
		(14,235,651)	(13,546,541)
Balance at the beginning of the year		(13,546,541)	(13,069,841)
Vested options expensed in prior periods which expired	16	6,200	-
Total comprehensive loss for the year		(695,310)	(476,700)
BALANCE AT THE END OF THE YEAR		(14,235,651)	(13,546,541)

Note 18: Cash Flow Information

	2017 (\$)	2016 (\$)
a. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Cash on hand	40	40
Cash at bank	720,359	1,080,617
	720,399	1,080,657
b. Reconciliation of cash flow from operating activities with loss from ordinary activities after income tax benefit		
Loss from ordinary activities after significant items and income tax	(695,310)	(476,700)
NON-CASH ITEMS		
Depreciation and amortisation	78,520	17,817
(Credit)/expense recognised in respect of equity-settled share-based payments	(1,949)	64,882
CHANGES IN ASSETS AND LIABILITIES		
(Increase)/decrease in trade and other debtors	(616)	43,755
(Decrease)/increase in provision for employee entitlements	(7,537)	35,416
Increase in prepayments	(173,934)	(14,792)
Increase in payables	8,019	261,453
NET CASH USED IN OPERATING ACTIVITIES	(792,807)	(68,169)

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Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2017

Note 19: Related Party Transactions

Directors

The names of each person holding the position of director of Sienna Cancer Diagnostics Limited during the year are:

Dr Geoffrey Cumming, Mr Carl Stubbings, Dr David Earp, Dr John Chiplin, Mr David Neate (resigned 23 May 2017), Dr Clifford Holloway (resigned from the position of Managing Director on 11 August 2016 and from the position of Chief Executive Officer on 15 August 2016).

No director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year-end.

Directors' transactions with the Economic Entity

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2017 (\$)	2016 (\$)
TRANSACTIONS WITH RELATED PARTIES		
i. Transactions with Directors	\$	\$
During the 2016 financial year, Mr. David Neate earned an underwriting fee in connection with the capital raised by Sienna during the year.	-	12,000
ii. Share Transactions of Directors	No.	No.
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following number of shares		
- Ordinary shares	1,071,169	18,074,139
iii. Related party option transactions	No.	No.
Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following number of options		
Options over ordinary shares		
- Issued pursuant to Employee Share Option Plan	1,400,000	6,700,000

Note 20: Share-Based Payments

The following share-based payment arrangements existed at 30 June 2017:

Sienna Employee Share Option Plan

Number of Options	Exercise Price (\$)	Granted Date	Status	Vested Date	Expiry Date	Conditions	Note
1,300,000	\$0.220	27-Sep-14	Vested	27-Sep-15	27-Sep-18	Yes	1 & 2
1,300,000	\$0.220	27-Sep-14	Vested	27-Sep-16	27-Sep-18	Yes	1 & 2
620,000	\$0.220	24-Nov-14	Vested	3-Feb-15	3-Feb-18	Yes	1 & 2
620,000	\$0.220	24-Nov-14	Vested	3-Feb-16	3-Feb-18	Yes	1 & 2
620,000	\$0.220	24-Nov-14	Vested	3-Feb-17	3-Feb-18	Yes	1 & 2
110,000	\$0.220	12-Dec-14	Vested	12-Dec-15	12-Dec-18	Yes	1 & 2
110,000	\$0.220	12-Dec-14	Vested	12-Dec-16	12-Dec-18	Yes	1 & 2
110,000	\$0.220	12-Dec-14	Granted	12-Dec-17	12-Dec-18	Yes	1 & 2
500,000	\$0.220	29-Jun-15	Vested	11-Nov-15	11-Nov-18	Yes	1 & 2
500,000	\$0.220	29-Jun-15	Vested	11-Nov-16	11-Nov-18	Yes	1 & 2
500,000	\$0.220	29-Jun-15	Granted	11-Nov-17	11-Nov-18	Yes	1 & 2
110,000	\$0.220	29-Jun-15	Vested	16-Mar-16	16-Mar-19	Yes	1 & 2
110,000	\$0.220	29-Jun-15	Vested	16-Mar-17	16-Mar-19	Yes	1 & 2
110,000	\$0.220	29-Jun-15	Granted	16-Mar-18	16-Mar-19	Yes	1 & 2
70,000	\$0.220	29-Jun-15	Vested	27-Apr-16	27-Apr-19	Yes	1 & 2
70,000	\$0.220	29-Jun-15	Vested	27-Apr-17	27-Apr-19	Yes	1 & 2
70,000	\$0.220	29-Jun-15	Granted	27-Apr-18	27-Apr-19	Yes	1 & 2
290,000	\$0.220	11-Dec-15	Vested	11-Dec-16	11-Dec-19	Yes	1 & 2
290,000	\$0.220	11-Dec-15	Granted	11-Dec-17	11-Dec-19	Yes	1 & 2
290,000	\$0.220	11-Dec-15	Granted	11-Dec-18	11-Dec-19	Yes	1 & 2
110,000	\$0.220	13-May-16	Vested	13-May-17	13-May-20	Yes	1 & 2
110,000	\$0.220	13-May-16	Granted	13-May-18	13-May-20	Yes	1 & 2
110,000	\$0.220	13-May-16	Granted	13-May-19	13-May-20	Yes	1 & 2
833,333	\$0.243	1-Apr-17	Granted	1-Apr-18	1-Apr-22	Yes	1 & 2
833,333	\$0.243	1-Apr-17	Granted	1-Apr-19	1-Apr-22	Yes	1 & 2
833,334	\$0.243	1-Apr-17	Granted	1-Apr-20	1-Apr-22	Yes	1 & 2
10,530,000 TOTAL ESOP OPTIONS							

Shareholder Options

Number of Options	Exercise Price (\$)	Granted Date	Status	Vested Date	Expiry Date	Conditions	Note
1,952,689	\$0.220	16-Jan-17	Granted	2-Apr-18	2-Oct-18	None	3
320,625	\$0.220	14-Feb-17	Granted	2-Apr-18	2-Oct-18	None	3
2,273,314 TOTAL SHAREHOLDER OPTIONS							

Notes

1. Issued under the terms of the Sienna Cancer Diagnostics Employee Share Options Program (ESOP).
 2. Vesting basis: to remain employed by Sienna at vesting date (ranging from 12 to 36 months).
 3. Issued pursuant to the 2016 rights issue document dated 30 November 2016.
- All options granted are in respect of ordinary shares in Sienna Cancer Diagnostics Limited and confer a right of one ordinary share for each option held.

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Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2017

Note 20: Share-Based Payments (continued)

Movement in the number of share options on issue

	2017 Number of Options	2017 Weighted Average Exercise Price (\$)	2016 Number of Options	2016 Weighted Average Exercise Price (\$)
TOTAL OPTIONS				
Outstanding at the beginning of the year	12,730,000	\$0.220	27,475,188	\$0.190
Granted	4,773,314*	\$0.232	5,700,000	\$0.220
Forfeited	(4,500,000)	\$0.220	(330,000)	\$0.220
Exercised	-	-	(5,617,947)	\$0.150
Expired	(200,000)	\$0.170	(14,497,241)	\$0.170
Outstanding at year-end	12,803,314	\$0.224	12,730,000	\$0.220
Exercisable at year-end	6,440,000	\$0.220	4,830,000	\$0.220

* Includes 2,273,314 options granted to shareholders pursuant to the 30 November 2016 rights issue.

Options Reserve

The fair value of issued employee share options is calculated to be \$132,762 (2016: \$140,911). The number of options granted during the year pursuant to the ESOP was 2,500,000 (2016: 5,700,000), while 4,700,000 employee share options either expired or were forfeited during the financial year (2016: 7,780,000).

Included under employees and contractor costs in the income statement is a share-based payments credit of \$1,949 (2016: expense of \$64,882), the combination of the expense for the current reporting period and the reversal of prior period charges for options that were forfeited.

The value of employee share options issued during the financial year has been calculated by using a modified binomial option pricing model applying the following inputs:

Exercise price	\$0.243
Underlying share price	\$0.17
Days to expiration	1,817
Days to vesting	356 to 1,087
Expected share price volatility	26.77%
Risk free interest rate	5.08%

Historical volatility of the shares for a company listed on the ASX which operates in the same industry group as Sienna Cancer Diagnostics Limited (SCD) has been used as a basis for determining expected share price volatility for Sienna Cancer Diagnostics Ltd (SCD). The Directors believe this to be fair representation of SCD volatility.

Historical volatility is assumed to be indicative of future volatility however future volatility may not replicate historical volatility.

The life of the options is based on the contracted expiry date.

Note 21: Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks and trade receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Notes	2017 (\$)	2016 (\$)
FINANCIAL ASSETS			
Cash and cash equivalents	8	720,399	1,080,657
Trade and other receivables	9	128,235	127,619
		848,634	1,208,276
FINANCIAL LIABILITIES			
Trade and other Payables	13	622,601	614,582
		622,601	614,582

The Group recognised an allowance of \$202,635 for doubtful debts in March 2017, following the announcement that Bostwick Laboratories, a significant debtor, had entered Chapter 11 bankruptcy protection. The Directors are unsure as to what amount, if any, will eventually be recovered from this debtor. As a result, the full amount owed by the debtor has been recognised as a doubtful debt. There are no other impaired assets within trade and other receivables; these balances, and the balance of trade and other payables, are expected to be settled within 1 year.

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

Financial Risk Management Policies

The Board are responsible for, among other issues, monitoring and managing financial risk exposures of the Group. The Board monitors the Group's transactions and reviews the effectiveness of controls relating to credit risk, financial risk, and interest rate risk. Discussions on monitoring and managing financial risk exposures are held regularly by the Board. The Board's overall risk management strategy seeks to ensure that the Group meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

The Group did not have any derivative instruments at 30 June 2017.

Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments is liquidity risk.

a. Credit risk

- Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.
- Credit risk is managed through maintaining procedures ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Credit risk exposures

- Cash reserves form the majority of the Group's financial assets. At 30 June 2017, cash was deposited with three financial institutions, including two large Australian banks and one foreign exchange market specialist, in order to spread risk and ensure interest rate competitiveness.
- On 16 March 2017, the Group became aware that Bostwick Laboratories Inc., a significant customer of the Company, had filed for chapter 11 bankruptcy protection in the United States on 15 March 2017. As part of an auction and sale process facilitated by the bankruptcy courts, Poplar Healthcare PLLC completed the acquisition of the assets of Bostwick on 4 May 2017. Sienna has registered with the courts as an unsecured creditor of the chapter 11 filing invoices for product incomes earned in December 2016, January 2017, February 2017 and the first 15 days of March 2017, representing USD155,370 of revenue. As the Board are unsure as to what amount, if any, will eventually be recovered from the chapter 11 filing, an allowance for doubtful debts for this amount was recorded in March 2017.

FINANCIALS

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2017

The Company has received payment of invoices from Poplar for product incomes earned post the chapter 11 filing date. At 30 June 2017, the Group had a material credit risk exposure to a single trade debtor, the United States distributor of the Company's in-vitro diagnostic product (IVD). The receivables recorded on the consolidated entity's balance sheet includes an amount of US\$45,000 from this trade debtor and is within the debtor's payment terms. Management regularly communicate with this debtor's senior staff and monitor the financial health of this debtor. At 30 June 2016 the Group had a material credit risk exposure to a single trade debtor; the total amount due from this debtor was within the 30 day trading terms and subsequently paid.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with major financial institutions.

c. Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Exposure to interest rate risk arises on interest earned on cash equivalents only.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group is not exposed to price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk due to revenue denominated in US dollars. A bank account denominated in US dollars is maintained in order to facilitate receipts and payments. During the reporting period, exchange rate risk was managed by exchanging revenue in excess of US dollar expenditures using spot sales of US dollars.

Cash and cash equivalents at 30 June 2017 included \$10,865 (2016: \$437,117) denominated in US dollars and \$2,994 (2016: Nil) denominated in Euros. A change of 10% in the AUD/USD and AUD/EURO exchange rates at 30 June 2017 would change the comprehensive loss and equity of the Group by approximately \$1,400 (2016: \$43,700).

The balance of receivables at 30 June 2017 includes an amount of \$58,040 from a US debtor (2016: \$58,186). A change of 10% in the AUD/USD exchange rate at 30 June 2017 would change the comprehensive loss and equity of the Group by approximately \$5,850 (2016: \$5,800).

Sensitivity analysis

The Board considers that, other than currency risk, there are no other material market risks requiring sensitivity analysis.

d. Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are equal to their carrying value in the statement of financial position.

The fair values have been determined based on the following methodologies:

- Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts provided for / relating to annual leave which is not considered a financial instrument.
- All financial assets and liabilities are designated level 3 hierarchy fair value items except for 'cash and cash equivalents' which is designated a level 1 hierarchy fair value item.

Note 22: Segment Reporting

In accordance with Australian Accounting Standard AASB 8 Operating Segments, the Company has determined that it has one reporting segment, consistent with the manner in which the business is managed. This is the manner in which the chief operating decision maker receives information for the purpose of resource allocation and assessment of performance. The Group operates predominantly in one business and geographical segment being the research and development of cancer diagnostics in Victoria, Australia.

Note 23: Key Management Personnel Compensation

The following responsible positions were Key Management Personnel of the entity at any time during the reporting period:

- Non-executive Chairman: Dr Geoffrey Cumming.
- Non-executive Directors: Mr Carl Stubbings, Dr David Earp, Dr John Chiplin, Mr David Neate (resigned 23 May 2017).
- Chief Executive Officer: Mr Matthew Hoskin (commenced 4 February 2014 as COO, appointed CEO 1 April 2017).
- Chief Executive Officer and Managing Director: Dr Clifford Holloway – Interim CEO from 1 February 2015, permanent CEO from 1 May 2015, appointed Managing Director 5 November 2015, resigned 11 August 2016.

Transactions with Key Management Personnel

The Key Management Personnel compensation included in employee expenses are as follows:

	Share-based payments (\$)	Short-term benefits (\$)	Post-employment benefit (\$)	Total (\$)
2017				
Total compensation	16,752	405,935	30,527	453,214
2016				
Total compensation	58,380	639,496	50,693	748,569

Note 24: Auditors' Remuneration

	2017 (\$)	2016 (\$)
REMUNERATION OF THE AUDITOR OF THE PARENT ENTITY FOR:		
Auditing or reviewing the financial report	29,593	14,683
Other services	8,000	4,629
	37,593	19,312

Note 25: Events Subsequent to Reporting Date

On 3 August 2017, Sienna Cancer Diagnostics Ltd listed on the Australian Securities Exchange (ASX) having lodged a prospectus with the Australian Securities and Investment Commission (ASIC) on 25 May 2017. The company raised a total of \$4,597,600, before equity raising costs, in new capital pursuant to the prospectus and 22,988,000 new ordinary shares at 20 cents per share were issued on 31 July 2017. The total number of ordinary shares on issue following the new allotment of shares was 180,262,327. The ASX determined that 24,426,629 of this total be subject to escrow for a period of 24 months from listing date.

There has been no other matter or circumstance which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

- a. The operations, in financial years subsequent to 30 June 2017, of the consolidated entity, or
- b. The results of those operations, or
- c. The state of affairs, in financial years subsequent to 30 June 2017, of the consolidated entity.

FINANCIALS

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2017

Note 26: Commitments

The Group has an operating lease for the office and laboratory facilities at 1 Dalmore Drive, Scoresby, Victoria. This lease is not capitalised in the accounts. The lease is current until 30 November 2017, and as a result the Group has a commitment at 30 June 2017 to pay 5 monthly lease payments totaling \$29,177. The lease agreement provides the leasee with the option to extend the agreement for a further two (2) years and contains provisions for annual price increases in line with the Consumer Price Index (CPI).

To the Directors' knowledge, the Group had no further material commitments as at 30 June 2017 not otherwise disclosed in these financial statements.

Note 27: Company Details

The registered office and principal place of business of the Company is: 1 Dalmore Drive, Scoresby VIC 3179, Australia

The Directors of the Company declare that

1. The financial statements and notes, as set out on pages 25 to 46 are in accordance with the Corporations Act 2001:
 - a. comply with Accounting Standards as detailed in Note 1 to the financial statements and the Corporations Regulations 2001; and
 - b. give a true and fair view of the Company's financial position as at 30 June 2017 and of the performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Geoffrey J Cumming
Non-executive Chairman



David J Earp
Non-executive Director

Melbourne, Australia
Dated this 30th day of August 2017



Walker Wayland NSW

Chartered Accountants

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Facsimile: +61 2 9951 5454

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Website: www.wwnsw.com.au

Independent auditor's report

TO THE SHAREHOLDERS OF SIENNA CANCER DIAGNOSTICS LIMITED

REPORT ON THE FINANCIAL REPORT

OPINION

We have audited the accompanying financial report of Sienna Cancer Diagnostics Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes 1 to 27, comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entity it controlled at the year's end or from time to time during the financial year.

In our opinion:

(a) the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- I. 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
- II. complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's responsibility section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

View Partners, Principals & Consultants at <http://www.wwnsw.com.au/wwnsw>

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Standards Legislation

KEY AUDIT MATTERS

The key audit matters, are the matters that, in our professional judgement, were of most significance in our audit of the financial report for the current year. The 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.

Key audit matters	How our audit addressed the key audit matter
<p>Intangible assets (Note 11)</p> <p>The Group has an intangible asset recorded on the Statement of Financial Position totalling \$2,168,026, relating to the Capitalised Development Costs associated with SCD-A7. The asset became ready for use on 21 December 2016.</p> <p>AASB 138: Intangible Assets sets out the specific requirements to be met in order to capitalise development costs.</p> <p>Management have advised that the capitalised development costs be amortised over a period of 20 years, as this is the period over which management expects to generate future economic benefits from product sales.</p> <p>This area is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Subjectivity and management judgement applied in the assessment of whether costs meet the development phase criteria prescribed in AASB 138 • Subjectivity and management judgement applied in determining the useful life of the product which forms the amortisation period. 	<p>Our procedures included; amongst others:</p> <ul style="list-style-type: none"> • Assessing the Group's accounting policy in respect of product development costs for adherence to AASB 138; • Testing a sample of amounts capitalised to supporting documentation and assessing compliance with the recognition criteria of AASB 138; • Reviewing historical sales data in order to assess whether economic benefits are being derived from the product development activities; • Recalculating the amortisation expense of assets available for use; • Assessing the reasonableness of the amortisation period by reference to comparable market data • Assessing the adequacy of related disclosures within the financial statements
<p>Provision for doubtful debts (Note 9, 21)</p> <p>The Group recognised a provision for doubtful debts of \$202,635 following the announcement that Bostwick Laboratories Inc, a significant debtor had entered Chapter 11 bankruptcy protection. The directors are unsure as to what amount, if any will be recovered.</p> <p>This area is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Subjectivity and management judgement applied in assessing the completeness of the provision. • The inherent risk of the sales to an overseas laboratory in an overseas jurisdiction, being the United States of America • The inherent risk of the sales being derived from a laboratory located in an overseas political, economic and legal regime. 	<p>Our procedures included; amongst others:</p> <ul style="list-style-type: none"> • Reviewing post year end cash receipts and sighting a sample of invoices and delivery documentation • Reviewing the responses from solicitors • Discussing the details of the situation with management and the audit committee • Reviewing minutes of directors' meetings



OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Company's financial 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 accordingly we do not express any form of assurance conclusion thereon.

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

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

DIRECTORS' RESPONSIBILITY 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 Australia Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Australian Accounting Standards AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



REPORT ON THE REMUNERATION REPORT

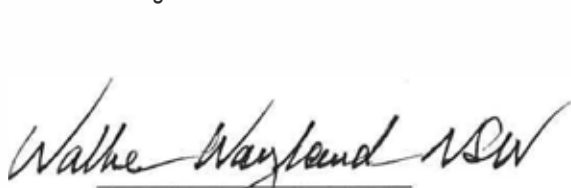
We have audited the Remuneration Report included in the Directors' Report on pages 17 to 22 for the year ended 30 June 2017. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, which based on our audit, is in accordance with Australian Auditing Standards.

OPINION

In our opinion, the Remuneration Report of Sienna Cancer Diagnostics 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 Australia Auditing Standards.



Walker Wayland NSW
Chartered Accountants



Richard Woods
Partner

Dated this 30th day of August 2017, Sydney

Sienna Cancer Diagnostics Ltd is quoted on the Australian Securities Exchange (ASX) under the ticker code SDX. The following information was extracted from the Company's records as at 11 September 2017 and is required by the ASX Listing Rules. At the close of trading on 11 September 2017 Sienna's share price was 14 cents. Sienna's securities are not quoted on any other stock exchange.

Shareholders

The Company has 180,262,327 fully paid ordinary shares on issue, held by 702 shareholders. The holders of ordinary shares are entitled to one vote per share at shareholder meetings and to receive dividends if declared. A total of 155,835,698 ordinary shares are listed on the ASX, with the balance, 24,426,629, subject to a 24 month compulsory escrow period from 3 August 2017 (the date Sienna listed on the ASX). No other securities of the Company are quoted on the ASX. There is currently no on-market buy-back of Sienna's listed ordinary shares.

Twenty Largest Holders of Ordinary Shares

Rank	Shareholder	Number of fully paid ordinary shares	Percentage of total issued capital
1	DAVID NEATE	17,002,970	9.43
2	TRAOJ P/L	13,879,998	7.70
3	GERON CORPORATION	13,842,625	7.68
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,128,178	3.95
5	BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM	4,614,208	2.56
6	MR BARRIE ERNEST LAWS & MS MERRILYN FRANCES LAWS	3,500,000	1.94
7	ANDREW MYER	3,450,793	1.91
8	MELCRETEP NOMINEES PTY LTD	2,560,804	1.42
9	VICTORY CAPITAL PTY LTD	2,500,000	1.39
10	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	2,476,661	1.37
11	CLARKE JAMES ROYCROFT	2,300,000	1.28
12	MS REBECCA EVE LANCE	2,160,000	1.20
13	LYMALINE PTY LIMITED	2,130,777	1.18
14	HUGH WALLACE-SMITH	2,054,574	1.14
15	MEBEKE PTY LTD	2,053,054	1.14
16	WIDMORE INVESTMENTS PTY LTD	2,000,833	1.11
17	SPINITE PTY LTD	2,000,000	1.11
17	ARMADA INVESTMENTS PTY LTD	2,000,000	1.11
18	P & M HARBIG (HOLDINGS) PTY LTD	1,975,334	1.10
19	MR DAVID WILLIAM NEATE	1,850,000	1.03
20	NETWEALTH INVESTMENTS LIMITED	1,765,000	0.98
Total		93,245,809	51.73
Balance of register		87,016,518	48.27
Grand total		180,262,327	100.00

SHAREHOLDER INFORMATION

Distribution Schedule

The following is a distribution schedule of the number of holders of fully paid ordinary shares in the Company, within the bands of holding specified by the ASX Listing Rules:

Range	No. of Shareholders	No. of Ordinary Shares	Percentage of total issued capital
100,001 and Over	163	164,304,358	91.15
10,001 to 100,000	347	14,287,074	7.93
5,001 to 10,000	158	1,538,259	0.85
1,001 to 5,000	32	132,335	0.07
1 to 1,000	2	301	0.00
Total	702	180,262,327	100

16 shareholders held less than a marketable parcel of fully paid ordinary shares based on the share price at 11 September 2017.

Substantial Shareholdings

Shareholder	Number of fully paid ordinary shares	Percentage of total issued capital
DAVID NEATE	18,852,970	10.46
TRAOJ P/L	13,879,998	7.70
GERON CORPORATION	13,842,625	7.68

A substantial holder is a shareholder who either alone or together with their associates has an interest in 5% or more of the voting shares of the Company.

Options Over Ordinary Shares

Sienna has two types of options on issue, shareholder options and options granted under the company's Employee Share Option Plan (ESOP). Shareholder options were granted to those investors who purchased shares via the Rights Issue dated 30 November 2016. Each option entitles the holder to purchase one ordinary share in the Company at a predetermined price. No voting rights attach to options. Further details are provided below:

Share Option Type	Number of Options	Number of Holders	Exercise Price
Shareholder Options	2,273,314	42	22 cents
Employee Share Option Plan (ESOP)	10,920,000	13	22, 24.3 and 25 cents
	13,193,314	55	

Corporate Governance

ASX listed entities are required to disclose the extent to which the company has followed the best practise recommendations set by the ASX Corporate Governance Council during the reporting period. Sienna was admitted to the official list of the ASX on 3 August 2017 and therefore not a listed entity during the reporting period. The Company was however required to make such an analysis in its Prospectus lodged with the ASIC (Australian Securities and Investment Commission) on 25 May 2017. The Prospectus may be accessed via Sienna's website at the following address: www.siennadiagnostics.com.au/investor. Corporate governance is addressed under Section 16 (j) of the Prospectus.

Directors

Dr Geoffrey Cumming – Non-executive Chairman
Dr David Earp – Non-executive Director
Dr John Chiplin – Non-executive Director
Mr Carl Stubbings – Non-executive Director

Chief Executive Officer

Mr Matthew Hoskin

Chief Financial Officer and Company Secretary

Mr Tony Di Pietro

Registered Office

1 Dalmore Drive
Scoresby VIC 3179

Corporate Adviser

Sequoia Corporate Finance Pty Ltd
Level 4, ANZAC House
4 Collins Street
Melbourne VIC 3000

Auditors

Walker Wayland NSW, Chartered Accountants
Suite 11.01, Level 11
60 Castlereagh Street
Sydney NSW 2000

Australian Legal Advisers

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525 Collins Street
Melbourne VIC 3000

Share Registry

Link Market Services Limited
Tower 4
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Melbourne VIC 3008

Patent Attorneys

FB Rice
Level 14
90 Collins Street
Melbourne VIC 3000



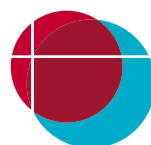
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