

## Neurotech International Limited

## Appendix 4E

## Preliminary final report

## Company details

Name of entity: Neurotech International Limited  
 ACN: 610 205 402  
 Reporting period: For the year ended 30 June 2019  
 Previous period: For the year ended 30 June 2018

## Results for announcement to the market

				\$000
Revenues from ordinary activities		up	565%	to 195
Loss from ordinary activities after tax attributable to the owners of Neurotech International Limited		up	20%	to (4,802)
Loss for the year attributable to the owners of Neurotech International Limited		up	23%	to (4,747)

## Dividends

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

## Comments

The operating loss for the Company after providing for income tax amounted to \$4,802,208 (30 June 2018: loss of \$3,990,293).

## Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security (cents)	<u>0.22</u>	<u>3.88</u>

## Attachments

Additional Appendix 4E disclosure requirements can be found in the director's report and the 30 June 2019 financial statements and accompanying notes.

This report is based on the financial statements which have been audited by BDO Audit (WA).

## Signed



Winton Willesee  
 Director  
 30 August 2019



**NEUROTECH INTERNATIONAL LIMITED**  
**ANNUAL REPORT - 30 JUNE 2019**

## CONTENTS

	PAGE
CORPORATE DIRECTORY	3
CHAIRMANS LETTER	4
DIRECTORS' REPORT	5
CORPORATE GOVERNANCE	28
AUDITOR'S INDEPENDENCE DECLARATION	29
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	30
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	32
CONSOLIDATED STATEMENT OF CASH FLOWS	34
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	35
DIRECTORS' DECLARATION	70
INDEPENDENT AUDIT REPORT	71
ASX ADDITIONAL INFORMATION	74

## CORPORATE DIRECTORY

### DIRECTORS

Mark Davies (Chairman)  
Peter Griffiths (Chief Executive Officer)  
Winton Willesee (Non-Executive Director)  
David Cantor (Non-Executive Director)

### COMPANY SECRETARY

Erlyn Dale

### REGISTERED AND PRINCIPAL OFFICE

Suite 5 CPC, 145 Stirling Highway  
NEDLANDS WA 6009

Telephone: (08) 9389 3130  
Website: [www.neurotechinternational.com](http://www.neurotechinternational.com)  
Email: [info@neurotechinternational.com](mailto:info@neurotechinternational.com)

### AUDITORS

BDO Audit (WA) Pty Ltd  
38 Station Street  
SUBIACO WA 6008

### SHARE REGISTRY

Security Transfer Australia Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
Telephone: 1300 992 916  
Facsimile: (08) 9315 2233

### HOME EXCHANGE

Australian Securities Exchange Ltd  
Exchange Plaza  
2 The Esplanade  
PERTH WA 6000  
**ASX Code: NTI**

### SOLICITORS

Jackson McDonald  
Level 17  
225 St Georges Terrace  
PERTH WA 6000

### BANKERS

St George Bank  
Level 2, Westralia Plaza  
167 St Georges Terrace  
PERTH WA 6000

## CHAIRMANS LETTER

Dear Shareholders,

The focus of the year at Neurotech has been the implementation of a new strategic direction to maximise long-term growth of the Company which is now under new operational leadership following senior leadership changes.

These changes have been critical to identifying the best path to delivery of shareholder value into the future.

One of the earlier executive changes saw longstanding director and early investor in Neurotech, Mr Peter Griffiths, appointed to the role of Chief Executive Officer in November 2018.

Under Mr Griffiths leadership the Company has implemented a new direction for market entry. This direction is focused on enabling clinicians to use Mente to expand their practices with Mente's home-based neurofeedback therapy.

The focus on clinicians enables the company to enter the US market with Mente registered as a neurofeedback device for improved patient wellbeing. This approach should enable us to build on the successful US clinical trial results in July as well as positive feedback from parents, clinicians and experts in the field.

The results of the US clinical trial were positive and confirmed the beneficial impact for children with autism spectrum disorder. The encouraging results provided strong evidence that Mente can be considered as a complementary therapy for autistic children.

In June 2019 we released a new 'ecommerce enabled' platform and website [www.mentetech.com](http://www.mentetech.com) that enables a subscription model for clinics to manage the therapy across multiple Mente patients at home. The platform also offers a virtual clinic where consultations and therapy can be provided remotely, enabling clinicians to extend their practice and significantly reducing the barriers of adoption for Mente.

The release of the platform coincided with a test launch of a digital campaign for Mente in the UK and the Company continues to pursue new and existing regional partners regarding contracts based on the new platform and subscription-based business model.

Feedback from many of these partners has continued to demonstrate and confirm that the new business model is a more attractive proposition for the clinicians prescribing it while also easing the financial burdens on families who need the device.

Mente has also been registered as a neurofeedback device in the United States to enable US-based clinics to prescribe the therapy. We remain confident in the Mente product and the team we have assembled who continue to focus on the goal of helping to improve the lives of families working with autism and neurodevelopmental disorders.

In April 2019, Neurotech announced several changes to the Board including my appointment as Independent Non-Executive Chairman, Winton Willesee's appointment as Independent Non-Executive Director and Erlyn Dale's appointment as Company Secretary. These appointments were made in line with the Company's revised commercial strategy as it reviews Neurotech's assets to maximise shareholder value.

The new Board continues to assess its assets and strategy, including the most appropriate ways to fund the ongoing operations of the Company at both the project and parent levels, with Mente as part of this consideration. As we reflect on this year, I would like to thank my fellow Board members, Neurotech's management and staff for their efforts that have allowed us to move forward. I look forward to bringing positive developments to shareholders in 2020 as the Board and management endeavour to deliver value to our stakeholders.

**Mark Davies**  
**Chairman**

## DIRECTORS' REPORT

The Directors present their report together with the financial report of Neurotech International Limited and its controlled entities (**Group**) for the financial year ended 30 June 2019 and the Auditor's Report thereon.

### BOARD OF DIRECTORS

The names and details of the Directors in office during the financial period and until the date of this report are set out below.

- Mark Davies (Chairman – appointed 16 April 2019)
- Peter Griffiths (Chief Executive Officer and Managing Director - appointed as CEO 26 November 2018)
- Winton Willesee (Non-Executive Director – appointed 16 April 2019)
- David Cantor (Non-Executive Director – appointed 4 July 2018)
- Peter O'Connor (Chairman – resigned 16 April 2019)
- Wolfgang Johannes Storf (Chief Executive Officer and Managing Director – resigned 26 November 2018)
- Simon Trevisan (Non-Executive Director – resigned 16 April 2019)
- Cheryl Tan (Non-Executive Director – resigned 30 November 2018)
- Neale Fong (Non-Executive Director – appointed 3 October 2018, resigned 16 April 2019)

### PRINCIPAL ACTIVITIES

Neurotech researches, designs, markets and through third party manufacturers, produces wearable neurotechnology devices to assist with neurological conditions such as autism.

Neurotech's current core focus is the design, manufacturing, sale and distribution of its first product, Mente, a portable electroencephalogram (**EEG**) medical device that uses neurofeedback to help relax the minds of children with autism spectrum disorder (**ASD** or **autism**).

### DIVIDENDS PAID OR RECOMMENDED

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial period ended 30 June 2019 (2018: Nil).

### OPERATING RESULTS

The consolidated Group's net loss after providing for income tax for the year ended 30 June 2019 amounted to \$4,802,208 (30 June 2018: \$3,990,293). At 30 June 2019, the Group has \$474,682 in cash and cash equivalents (30 June 2018: \$2,212,737).

## DIRECTORS' REPORT

### REVIEW OF OPERATIONS

#### Mente Study

A highlight of the year was the publication of the full results of the US Clinical Trial in Mente Autism in leading medical journal *Frontiers in Neurology*. The trial demonstrated significant positive changes in the active treatment group versus the placebo including:

- Significant reductions in the brain wave frequency bands of interest (delta, beta and high beta), which are typically abnormally high in children with autism
- Improved balance with eyes open rather than closed, which is the opposite effect experienced by autistic children
- Positive effects and a reduction of autistic behaviours, across questionnaires used globally as validated tools in clinical applications
- Parents indicating significant improvements in social skills and communication of their children

The positive results of the trial highlight that Mente Autism is well placed to target autism as a home-based neurofeedback tool, and this saw a significant increase in inbound enquiries for the device through the Company's distributor and online channels.

Dr Ahmed Hankir, Professor of Psychiatry, Carrick Institute, and Senior Research Fellow at BCMHR in association with University of Cambridge, UK presented the outcomes of the study, "*The Treatment of Autism Spectrum Disorder With Auditory Feedback: A Randomised Placebo Controlled Trial Using the Mente Autism Device*" at the Royal College of Psychiatrists (UK) Faculty of Psychiatry conference on Intellectual Disability, on 4th and 5th of October 2018 in Liverpool, United Kingdom.

Dr Hankir is a co-author of the Mente study published in *Frontiers in Neurology*, which has been viewed almost 24,000 times since its publication in July, setting a record for having more reads than 99% of the studies published in *Frontiers* journals.

Neurotech attended the International Congress on Autism, held in Houston, Texas on 12-15 November 2018. The International Congress on Autism was organised by the World Autism Organisation. Prof. Frederick R. Carrick, from the Carrick Institute, presented his research team's study into Neurotech's flagship Mente Autism device: "*The Treatment of Autism Spectrum Disorder with Auditory Neurofeedback: A Randomized Placebo Controlled Trial Using the Mente Autism Device*".

The Company also attended Medica in Dusseldorf, Germany which was held 12-15 November 2018. Medica is one of the largest trade fairs for the medical sector in the world. More than 5,000 exhibitors from 70 countries attend the event each year and Neurotech organised several meetings with prospective partners during the event.

Neurotech's Chief Scientific Officer, Dr Emanuela Russo gave a presentation at "Autism Spectrum Disorders: The body beyond the behaviour (A systemic perspective for an effective multidisciplinary approach)", an autism conference being held in Caserta, Italy on 12-13 November 2018. Dr Russo presented on "The Neurofeedback approach in supporting children on the autistic spectrum."

#### New Strategic Direction

The Company assumed a new strategy for US market entry with a focus on delivering Mente using partnerships with certified clinicians. This change is designed to enable the Company to enter the market earlier than planned with Mente under registration as a device aimed at patients' wellbeing.

## DIRECTORS' REPORT

This decision follows the successful US clinical trial results in July 2018 as well as feedback received from clinicians and experts in the field, with the Company deciding to build on this success through partnering with clinicians to collect more data designed to further validate Mente's use as a home-based therapy. The change in strategy means the Company will defer its current De Novo application with the US Food and Drug Administration (FDA). The Company submitted its FDA clearance application for Mente Autism in October 2018.

### **E-commerce Platform**

Neurotech released a new e-commerce platform and website [www.mentetech.com](http://www.mentetech.com) during March 2019 to enable the subscription model for clinics prescribing Mente. The Company has negotiated with existing regional distribution partners regarding new contracts based on the subscription model. Neurotech has received positive feedback from many of these partners, confirming the new business model is a more attractive proposition for the clinicians prescribing it as well as easing the financial burden on families who need the device.

### **Mente Launched in the UK and US**

Mente launched in the UK in March 2019 and the Company appointed premier lead generation agency, ANCHOVY. Plc as its partner for the development of its network of clinics. As a result of public relation issues surrounding the Company's founder, plans for the full media launch in the UK were put on hold.

A series of articles in the Maltese media were picked up by international outlets and this would have also dampened the effects of the UK campaign. Instead, Neurotech focused on its digital marketing and lead generation efforts in the UK targeting clinicians and its online awareness campaign around Mente.

Mente was also registered as a neurofeedback device in the United States with the launch of Mente to US-based clinics planned for mid-2019.

The most recent iteration of the Mente device, released in 2018 delivers a brain training therapy that is based on widely published research. The results of the Mente therapy have been independently verified in a US clinical trial. The results show positive effects and a reduction in autistic behaviours. In addition, parents anecdotally indicated significant improvements in social skills and communication of their children. The US trial validates the current version of Mente as a complementary home-based therapy for children with autism spectrum disorder.

### **Launch of Mente Clinic**

In June 2019, Neurotech launched a pilot version of Mente Clinic, a virtual clinic that enables clinicians to interact with Mente patients and remotely monitor their progress. Mente Clinic can be accessed via [www.menteclinic.com](http://www.menteclinic.com) and clients are able to make appointments via video conferencing with use monitored remotely.

Mente Clinic is designed to enable clinicians to extend their practice, assist clients in areas where clinic access is restricted, and monitor Mente clients' progress.

Neurotech also launched an Early Adopter Program in all geographic regions where the Mente device can be used, offering discounts to the Mente Starter Pack and subscription model. The Company has encouraged early adopters to provide feedback on usability. Parents can also join this program and book in consultations with a Mente specialist or order the Mente headband and therapy sessions in a starter pack.

The Mente iOS application is available to the public on the AppStore. Mente clients can now choose between the iOS or Android versions of the app. This allows families to continue using their platform of choice, Android or iOS, without the need to change or purchase new devices.

## DIRECTORS' REPORT

### Corporate

During January 2019, the Company announced a renounceable rights issue to shareholders, on the basis of 1 new share for every 1 Neurotech share held as at 4 February 2019 (5.00pm WST).

On the close of the Offer the Company issued the 26,122,966 shares and 26,122,966 options to shareholders, on Monday 25 February 2019.

On 4 November 2018, 28,487,058 ordinary shares and 10,894,390 options, exercisable at \$0.20 and expiring 30 November 2020 were released from escrow. These Shares are held by Directors of the Company, other related parties, and promoters of the Company at time of the Company's admission to the ASX on 4 November 2016.

### Board and Management Changes

Following Neurotech's revised commercial strategy to ensure the best path forward toward maximising shareholder value, several key appointments were made to the Board and management across the year to give the Company new operational leadership.

- Mr Peter Griffiths appointed CEO and Managing Director
- Mr Mark Davies as Independent Non-Executive Chairman
- Mr Winton Willesee as Independent Non-Executive Director
- Miss Erlyn Dale as Company Secretary
- Dr David Cantor as Non-Executive Director

The Company became aware of an article in the Times of Malta newspaper in early 2019 concerning the qualifications of its strategic adviser, Dr Adrian Attard Trevisan. The article asserts that Dr Adrian Attard Trevisan does not have a PhD in Neuroscience from University College London, that he misled the public as having credentials as a PhD in Neuroscience, that Dr Adrian Attard Trevisan has admitted that he does not have a PhD from University College London and that he only has a PhD in Human Physiology from the University of Milan.

The assertions refer to Dr Adrian Attard Trevisan's conduct during the period 2012 to 2015. The article, and information it contained were deeply disappointing to Neurotech, its Board and Management. Dr Adrian Attard Trevisan ceased to be an employee of Neurotech in April 2017 and resigned as a Director of the company in June 2018. He no longer has any role in Neurotech.

Neurotech's flagship Mente product is the result of much more than the work of one person and the Company's dedicated Mente team has worked for many years to create, refine and improve the device and its therapeutic outcomes.

Mente's personalised neurofeedback therapy is a form of brain training backed by extensive scientific literature and the Company stands by the peer-reviewed science of Mente and the results it is delivering for children with autism spectrum disorder.

### Change of Address

Neurotech has relocated its registered office and principal place of business. The new address and contact details are:

Suite 5 CPC  
145 Stirling Highway  
Nedlands WA 6009  
Phone: +61 8 9389 3130

## DIRECTORS' REPORT

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows.

The Group raised \$783,689 in new shareholder equity in February 2019 pursuant to a Renounceable Pro-rata Rights Issue made to eligible shareholders.

The Group recorded an operating loss after income tax of \$4,802,208 (2018: \$3,990,293). This result includes an impairment expense of \$1,593,864 of expenditure previously capitalised in relation to the development of the Mente Autism medical technology and the write-down of associated property, plant & equipment from \$374,200 to nil.

As at 30 June 2019, the Group had \$474,682 in cash and cash equivalents, and accordingly attention is drawn to Note 1(c) in relation to the ability of the Group to continue as a Going Concern.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### OUTLOOK

The Company remains committed to the development of Mente. The Board is reviewing the options for it to continue the development of Mente which includes accessing sufficient funding in a suitably attractive form to shareholders to fund the continued development. Refer Note 1 (c).

The overarching consideration of the Board is to maximise the value of its assets, and specifically its Mente assets, for the benefit of its shareholders.

### ENVIRONMENTAL REGULATION

#### *National Greenhouse and Energy Reporting Act 2007*

This is an Act to provide for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy production and energy consumption, and for other purposes. The Entity is not subject to the *National Greenhouse and Energy Reporting Act 2007*.

## DIRECTORS' REPORT

### BOARD OF DIRECTORS

#### Mark Davies – Chairman (appointed 16 April 2019)

<b>Experience and Expertise</b>	Mark Davies graduated from the University of Western Australia with a Bachelor of Commerce. He has over 20 years' experience in trading, investment banking and providing corporate advice. He worked at Montagu Stockbrokers before co-founding investment banking firm Cygnet Capital and more recently 1861 Capital. Mark specialises in providing corporate advice and capital raising services to emerging companies seeking business development opportunities and funding from the Australian market.
<b>Other Current Directorships</b>	None
<b>Former Directorships in last 3 years</b>	None
<b>Special Responsibilities</b>	Chairman of the Board
<b>Interests in Shares and Options</b>	Nil

#### Peter Griffiths – CEO and Managing Director (appointed to this role 26 November 2018)

<b>Experience and Expertise</b>	Peter J.L. Griffiths, B.Sc. (Hons), draws on his more than 20 years of leadership experience in the software industry. As EVP and Group Executive at CA Technologies, he was responsible for investment and strategy across the five business units that drove the company's leadership in IT Management Cloud, Application Development, Operations, DevOps and Security for enterprise and growth markets. As a member of the company's Executive Management Team; Mr. Griffiths also oversaw all aspects of Operations, M&A activity, Industry Solutions, and the CA Technologies Innovation Center, driving mobile-first software products and the transition to SaaS offerings and business models.
<b>Other Current Directorships</b>	None
<b>Former Directorships in last 3 years</b>	None
<b>Special Responsibilities</b>	None
<b>Interests in Shares and Options</b>	7,292,378 ordinary shares in Neurotech International Limited 2,060,334 unlisted \$0.20 options over ordinary shares in Neurotech International Limited 2,634,790 unlisted \$0.06 options over ordinary shares in Neurotech International Limited

## DIRECTORS' REPORT

### David Cantor – Non-Executive Director (appointed 4 July 2018)

<b>Experience and Expertise</b>	A highly distinguished clinician, neuroscientist, program developer and a member of the Group's Scientific Advisory Board, Dr Cantor's career spans more than 40 years in the academic and clinical neuroscience sector.
---------------------------------	--

He is currently the CEO and Clinical Director of Mind and Motion Developmental Centers of Georgia, a multidisciplinary treatment facility providing a range of diagnostic and treatment services to children and adults seeking help with neurological disorders such as autism, ADHD, traumatic brain injury and sensory processing disorders. He is also the CEO and Managing Partner of BrainDx, an international software Group that produces functional brain analytic software through computer assisted quantitative EEG (QEEG) reports and big database measures of brain development.

In addition to the above, Dr Cantor has held multiple board positions across various neuroscientific associations, including being a founding board member and current Chairman of the International Board of Quantitative Electrophysiology, established to maintain the highest quality of resources and examination procedures for clinicians and academicians with interests in quantitative electrophysiology. He is also Secretary of the International Society of Neurofeedback and Research and an advisory board member of the Innovative Health Foundation.

<b>Other Current Directorships</b>	None
<b>Former Directorships in last 3 years</b>	None
<b>Special Responsibilities</b>	Chair of the Company's Scientific Advisory Board
<b>Interests in Shares and Options</b>	142,857 ordinary shares in Neurotech International Limited

### Winton Willesee – Non-Executive Director (appointed 16 April 2019)

<b>Experience and Expertise</b>	Mr Willesee is an experienced company director and company secretary. Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects. Mr Willesee holds a Master of Commerce, a Post-Graduate Diploma in Business (Economics and Finance), a Graduate Diploma in Applied Finance and Investment, a Graduate Diploma in Applied Corporate Governance, a Graduate Diploma in Education and a Bachelor of Business. He is a Fellow of the Financial Services Institute of Australasia, a Graduate of the Australian Institute of Company Directors, a Member of CPA Australia and a Fellow of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators/Chartered Secretary.
---------------------------------	---

<b>Other Current Directorships</b>	New Zealand Coastal Seafoods Limited, MMJ Holdings Limited and Nanollose Limited
<b>Former Directorships in last 3 years</b>	Ding Sheng Xin Finance Co Limited, Metallum Limited (now Kopore Metals Limited), Birimian Ltd (now Mali Lithium Limited), and DroneShield Limited.
<b>Special Responsibilities</b>	None
<b>Interests in Shares and Options</b>	337,906 ordinary shares in Neurotech International Limited

## DIRECTORS' REPORT

### COMPANY SECRETARY

#### Erlyn Dale – Company Secretary (appointed 16 April 2019)

<b>Experience and Expertise</b>	Miss Dale is an experienced corporate professional with a broad range of corporate governance, accounting and capital markets experience. Miss Dale holds positions as company secretary for a number of ASX listed public companies across a range of industries with particular expertise in the facilitation of company listings, merger and acquisition transactions and capital raisings. Miss Dale has completed a Bachelor of Commerce (Accounting and Finance) and a Graduate Diploma of Applied Corporate Governance and is an Associate Member of both the Institute of Chartered Secretaries and Administrators and the Governance Institute of Australia.
---------------------------------	---

### MEMBERS OF THE BOARD OF DIRECTORS DURING THE FINANCIAL YEAR

#### Peter O'Connor – Chairman (resigned 16 April 2019)

<b>Experience and Expertise</b>	Peter O'Connor, MA (Trinity College, Dublin), Barrister-at-Law, is an experienced global and regional asset allocation and manager selection adviser for financial institutions, family offices and charities. He was Chairman of a number of publicly quoted investment companies with particular exposure in Asia. Mr O'Connor was the Co-Founder and Deputy Chairman of IMS Management Ltd and FundQuest UK Ltd from 1998 to 2008. He has a wealth of global experience in the fund management and private equity industries. He has extensive global experience in the funds management industry, both public and private companies in developed and emerging economies.
<b>Other Current Directorships</b>	Non-Executive Director at Northern Star Resources Limited Non-Executive Director of Blue Ocean Monitoring Ltd
<b>Former Directorships in last 3 years</b>	None

#### Wolfgang Johannes Storf – Chief Executive Officer (resigned 26 November 2018)

<b>Experience and Expertise</b>	Wolfgang Storf joined AAT Research in 2016 as Chief Executive Officer. Prior to that, he was Chief Strategy Officer with the MS Pharma Group. He was also CEO of Novartis-Sandoz in South Africa and held other senior management positions with Novartis-Sandoz, Apotex and Johnson & Johnson in different regions of the world. Mr Storf is a seasoned senior executive with proven global strategic and execution leadership experience – covering both commercial and technical operations as well R&D responsibility inside multinational and private businesses in the pharmaceutical and medical industry. He has a highly successful record of entering new markets, leading company turnarounds and effectively managing crisis missions. He also has experience in post-merger integration programs in both branded / un-branded markets. He has wide-ranging product expertise covering key chronic and acute TAs (solid / injectable) with focus on differentiation.
<b>Other Current Directorships</b>	None
<b>Former Directorships in last 3 years</b>	None

## DIRECTORS' REPORT

### Simon Trevisan B Econ, LLB (Hons), MBT – Non-Executive Director (resigned 16 April 2019)

<b>Experience and Expertise</b>	Simon Trevisan is the Managing Director of the Tribis Pty Ltd and Iris Residential Pty Ltd. He has 20 years' experience in public and private investments, corporate finance and management of large public and private businesses. He has been responsible for the funding and management of a number of public companies and Iris Residential's substantial property investments. His experience includes the establishment and listing of Mediterranean Oil & Gas plc, an AIM listed oil and gas company with production and a substantial oil discovery in Italy. Mr Trevisan was Executive Chairman of ASX listed gold explorer Aurex Consolidated Ltd and a founding executive director of ASX-listed Ausgold Limited and AssetOwl Limited (previously Regalpoint Resources Ltd). He was also responsible for arranging debt funding for the development of in excess of \$500 million of property and significantly involved in arranging and drawing down one of the first foreign bank project facilities for a resources development in Indonesia.  He has a Bachelor of Economics and a Bachelor of Laws from the University of Western Australia and a Master Degree in Business and Technology from the University of New South Wales. Before becoming Managing Director of the Tribis, Mr Trevisan practiced as a solicitor with Allens Arthur Robinson Legal Group firm, Parker and Parker, in the corporate and natural resources divisions.  Mr Trevisan is also currently a director of ASX-listed AssetOwl Ltd, Zeta Petroleum plc and BMG Resources Ltd. He is a board member of not for profit St George's College Foundation, St George's College Inc and Cystic Fibrosis WA Inc.  Mr Trevisan is the Chairman of the Audit Committee, a member of the Risk Committee and a member of the Share Trading Committee.
<b>Other Current Directorships</b>	Non-Executive Director of AssetOwl Limited Non-Executive Director of BMG Resources Limited Non-Executive Director of Zeta Petroleum Plc
<b>Former Directorships in last 3 years</b>	None

### Cheryl Tan – Non-Executive Director (resigned 30 November 2018)

<b>Experience and Expertise</b>	Cheryl Tan is an Associate Director with Azure Capital Limited with 10 years' experience in the corporate advisory and finance industry, advising clients across a wide variety of engagements, including project financing, general corporate advisory and mergers and acquisitions, particularly within the telecommunications, utilities and infrastructure sectors.  Prior to Azure, Ms Tan spent over a year at BankWest, subsidiary of the Halifax Bank of Scotland (Australia) at the time, within the credit risk modelling division, undertaking several aspects of credit risk modelling required to achieve advanced Basel II accreditation.  Ms Tan holds a Bachelor of Commerce and a Bachelor of Science from the University of Western Australia, as well as a Graduate Diploma of Applied Finance from Kaplan Professional.
<b>Other Current Directorships</b>	None
<b>Former Directorships in last 3 years</b>	None

## DIRECTORS' REPORT

### Neale Fong – Non-Executive Director (appointed 3<sup>rd</sup> October 2018, resigned 16<sup>th</sup> April 2019)

Experience and Expertise	Dr Neale Fong is a registered medical practitioner with over 35 years' experience in a wide range of leadership roles in the public and private health systems. Dr Fong has held and continues to hold very senior positions in all health care sectors covering government services, private hospitals, academia, health research public health, aged care and not-for-profit organisations.
Other Current Directorships	None
Former Directorships in last 3 years	None

### DIRECTORS' MEETINGS

Attendances by each Director during the year were as follows:

Director	Number Eligible to Attend	Number Attended
Mark Davies	1	1
Winton Willesee	1	1
Peter O'Connor	8	7
Peter Griffiths	9	8
Wolfgang Johannes Storf	3	3
Simon Trevisan	8	8
Cheryl Tan	3	3
Neale Fong	6	6
David Cantor	9	8

### REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Group and the Group and has been audited in accordance with the requirements by section 308(3C) of the *Corporations Act 2001* and the Corporations Regulations 2001.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group and the Consolidated Entity, directly or indirectly, including any Director (whether Executive or otherwise) of the Group.

#### Key Management Personnel disclosed in the Report

Names and positions held of Parent Entity Directors and Key Management Personnel in office at any time during the financial year are:

## DIRECTORS' REPORT

### *Directors*

Mark Davies	Chairman (appointed 16 April 2019)
Winton Willessee	Non-Executive Director (appointed 16 April 2019)
Peter Griffiths	Chief Executive Officer and Managing Director (from 26 November 2018) Deputy Chairman and Non-Executive Director (until 26 November 2018)
David Cantor	Non-Executive Director (appointed 4 July 2018)
Peter O'Connor	Chairman (resigned 16 April 2019)
Wolfgang Johannes Storf	Chief Executive Officer and Managing Director (resigned 26 November 2018)
Simon Trevisan	Non-Executive Director (resigned 16 April 2019)
Cheryl Tan	Non-Executive Director (resigned 30 November 2018)
Neale Fong	Non-Executive Director (appointed 3 October 2018, resigned 16 April 2019)

### *Remuneration Governance*

The full Board filling the role of the Nomination and Remuneration Committee is responsible with respect to the following:

- (a) remuneration policies and practices;
- (b) remuneration of the Executive Officer and Executive Directors;
- (c) composition of the Board; and
- (d) performance Management of the Board and of the Executive Officer.

### *Use of Remuneration Consultants*

During the year, the Group has not required or used any remuneration consultants.

### *Executive Remuneration Policy and Framework*

The full Board reviews and make recommendations regarding the following:

- (a) strategies in relation to Executive remuneration policies;
- (b) compensation arrangements for the Chairman, Non-Executive Directors, CEO, and other Senior Executives as appropriate;
- (c) performance related incentive policies;
- (d) the Group's recruitment, retention and termination policies;
- (e) the composition of the Board having regard to the skills/experience desired and skills/experience represented;
- (f) the appointment of Board members;
- (g) the evaluation of the performance of the CEO;
- (h) consideration of potential candidates to act as Directors; and

## DIRECTORS' REPORT

- (i) succession planning for Board members.

### ***Key Management Personnel Remuneration Policy***

The Board's policy for determining the nature and amount of remuneration of Key Management Personnel for the economic entity is as follows:

The remuneration structure for Key Management Personnel is based on a number of factors, including length of service and the particular experience of the individual concerned. The contracts for service between the Group and Key Management Personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

The constitution and total remuneration value of each member of the entity's Key Management Personnel. On appointment to the Board, all Executive and Non-Executive Directors enter into an agreement with the Group. The letter of appointment summarises the Board's policies and terms, including remuneration.

Dr David Cantor receives a payment for his role as Chair of Scientific Advisory Board other than that Directors do not receive additional fees for chairing or participating on Board committees. Non-Executive Directors do not receive retirement allowances. Non-Executive Directors do not receive performance-based pay.

The Group's executive Key Management Personnel includes the Chief Executive Officer, Wolfgang Storf (resigned 26 November 2018) and Peter Griffiths (appointed 26 November 2018). The CEO is entitled to receive performance-based pay under his engagement agreement. Information on the remuneration of the Executive Key Management Personnel is provided at pages 17 and 18.

The structure of the performance-based element of the Executive's remuneration is designed to encourage retention of the Executives while also rewarding short term performance of the individual and long-term performance of the Group, and therefore contributing to the wealth of the Group's shareholders. Executives are subject to an annual performance review against objectives relevant to their role, and the performance against these objectives is used to determine the amount of their annual short-term incentive bonus received.

A formal performance review has not been carried out to date for the CEO.

## DIRECTORS' REPORT

### *Key Management Personnel Compensation*

The compensation of the Group's Key Management Personnel is disclosed below

2019 Key Management Person	Short-term Benefits				Termination Benefits	Share-based payment				Total (\$)	Performance related
	Salary (\$)	Bonus (\$)	Post Retirement benefits (\$)	Other benefits (\$)		Termination Benefits (\$)	Shares and Share Rights (\$)	Options (\$)	Total Share Based Payments (\$)*		
<b>DIRECTORS</b>											
Mark Davies	10,833	-	-	-	-	-	-	-	-	10,833	-
Winton Willesee	8,446	-	-	-	-	-	-	-	-	8,446	-
Peter Griffiths	224,413	-	-	-	-	-	91,654	91,654	316,067	29%	
David Cantor	62,951	-	-	-	-	6,714	-	6,714	69,665	-	
Peter O'Connor	24,611	-	-	-	-	-	-	-	24,611	-	
Wolfgang Storf <sup>1</sup>	101,744	33,891	-	-	143,537	7,191	-	7,191	286,363	12%	
Neale Fong	21,778	-	2,069	-	-	-	-	-	23,847	-	
Simon Trevisan	-	-	-	-	-	-	-	-	-	-	
Cheryl Tan	16,667	-	-	-	-	-	-	-	16,667	-	
<b>TOTAL</b>	<b>471,443</b>	<b>33,891</b>	<b>2,069</b>	<b>-</b>	<b>143,537</b>	<b>13,905</b>	<b>91,654</b>	<b>105,559 *</b>	<b>756,499</b>		

\*Refer to Note 6: Share based payments for further details

1. Mr Wolfgang Storf's was granted a bonus of €21,250 euro (A\$33,891) during the financial year, in recognition of his performance.

## DIRECTORS' REPORT

### *Key Management Personnel Compensation*

2018 Key Management Person	Short-term Benefits				Termination Benefits	Share-based payment			Total (\$)	Performance related
	Salary (\$)	Bonus (\$)	Annual Leave (\$)	Non-monetary benefits (\$)		Termination Benefits (\$)	Shares and Share Rights (\$)	Options (\$)	Total Share Based Payments (\$)	
<b>DIRECTORS</b>										
Peter O'Connor	50,000	-	-	-	-	-	-	-	50,000	-
Peter Griffiths <sup>1</sup>	96,956	-	-	9,170	-	-	-	-	106,126	-
Wolfgang Storf <sup>2</sup>	307,911	61,575	29,603	81,081	-	12,700*	15,401*	28,101*	508,271	12%
Adrian Attard Trevisan	137,558	-	-	2,538	-	-	-	-	140,096	-
Simon Trevisan <sup>3</sup>	-	-	-	-	-	-	-	-	-	-
Cheryl Tan	40,000	-	-	-	-	-	-	-	40,000	-
<b>OTHER KEY MANAGEMENT PERSONNEL</b>										
Mario Raciti	164,868	-	17,022	39,804	53,878	-	-	-	275,572	-
<b>TOTAL</b>	<b>797,293</b>	<b>61,575</b>	<b>46,625</b>	<b>132,593</b>	<b>53,878</b>	<b>12,700</b>	<b>15,401</b>	<b>28,101*</b>	<b>1,120,065</b>	<b>-</b>

\*Refer to Note 6: Share based payments for further details

1. Mr Peter Griffiths' remuneration is \$40,000/year as a non-executive director of the Group. In addition, from 1 January 2018 has been engaged under an executive services agreement where he receives €5,000 per month and an additional €1,000 administration support payment.
2. Mr Wolfgang Storf's was granted a bonus of €40,000 euro (A\$61,575) during the financial year, in recognition of his performance.
3. Mr Simon Trevisan has not received remuneration from the Group for the year ended 30 June 2018. Neurotech International Limited has an agreement with Tribis Pty Ltd, which is a Director related Entity. Tribis Pty Ltd charges an administrative fee for office space, telecommunications, office supplies, accounting support and business support services, the fee is \$7,500 per month for the entire financial year. Mr Trevisan is a director of Tribis Pty Ltd.

## DIRECTORS' REPORT

*Remuneration arrangements of the Group's Executive Key Management Personnel are as follows:*

<b>Chief Executive Officer – Peter Griffiths</b>	
<b>Fixed Remuneration</b>	€160,000 per annum payable monthly.
<b>Contract Duration</b>	Initial fixed term to 30 November 2019, then ongoing.
<b>Notice period for Termination</b>	6 months' notice after 30 November 2019.
<b>Variable Remuneration</b>	<p>The CEO will be entitled to an increased Fee and a performance bonus if the following revenue targets are achieved:</p> <ul style="list-style-type: none"><li>- Less than €2,000,000 in revenue in a financial year - a Fee entitlement of €160,000 (ie. no Fee increase) and a performance cash bonus of €40,000;</li><li>- €2,000,000 or more, but less than €5,000,000 in revenue in a financial year - a Fee entitlement of €200,000 and a performance cash bonus of €100,000;</li><li>- €5,000,000 or more, but less than €8,000,000 in revenue in a financial year - a Fee entitlement of €280,000 and a performance cash bonus of €120,000; and</li><li>- €8,000,000 or more in revenue in a financial year - a Fee entitlement of €300,000 and a performance cash bonus of €200,000.</li></ul> <p>The revenue targets are in respect of consolidated annual revenue (calculated in accordance with applicable accounting standards) of the Neurotech Group in any financial year (ie. a 12-month period ending 30 June) during the term of the agreement.</p>
<b>Share based payment</b>	<p>Pursuant to his consultancy services agreement, subject to shareholder approval, Mr Griffiths will be awarded the following Options in the Company:</p> <p>Tranche 1: 6,500,000 Options agreed to be granted, subject to shareholder approval. These options are exercisable at \$0.0589 and valued as at 30 June 2019 at a value of \$71,221.</p> <p>Tranche 2: 5,429,754 Options agreed to be granted, subject to shareholder approval. These options are exercisable at \$0.0199 and valued as at 30 June 2019 at a value of \$76,074.</p> <p>The Options will expire on the earlier of the 5<sup>th</sup> anniversary of the date on which the Options are granted and the date of termination of the agreement by reason of Bad Leaving, if applicable. One third of these options vest immediately with the remaining value to vest over the period from the commencement of service, 1 December 2018 to 1 December 2020. These Options will only be issued following shareholder approval at the 2019 Annual General Meeting.</p>

## DIRECTORS' REPORT

---

<b>Other amounts payable</b>	Secretarial & administrative services: €12,000 per annum. Health insurance: €3,000 per annum. International travel insurance: €2,000 per annum.
------------------------------	---

### Chief Executive Officer – Wolfgang Storf (resigned 26 November 2018)

Fixed Remuneration	Mr Storf was remunerated at a rate of €160,000 from 1 July 2018, this was a reduction from his rate in the 2018 financial year of €200,000 per annum.
Contract Duration	Ongoing Contract.
Notice period for Termination	6 months' notice.
Variable Remuneration	Entitled to a bonus of up to €160,000 per annum, payable if actual sales (for which cash has been received) are equal to 130% of budget.

### *Performance based remuneration granted during the year.*

### Wolfgang Storf (Chief Executive Officer – resigned 26 November 2018)

During the year, the Company's former CEO, Wolfgang Storf was paid a short-term incentive payment of €21,250. This bonus was calculated on the extent which the Group achieved budgeted Mente Autism unit sales in the quarter to 30 September 2018. No bonus was paid to Mr Storf in relation to unit sales in the period 1 October 2018 up to the date of his termination on 26 November 2018.

## DIRECTORS' REPORT

### *Equity Instruments Disclosure Relating to Key Management Personnel*

#### *Shares:*

Number of shares held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

Name	Balance at the start of the year	Acquired	Disposed	Other *	Balance at the end of the year
<b>Directors</b>					
Mark Davies	-	-	-	-	-
Peter Griffiths	4,657,588	2,634,790	-	-	7,292,378
David Cantor	-	142,857	-	-	142,857
Winton Willesee	-	337,906	-	-	337,906
Peter O'Connor	503,100	503,100	-	(1,006,200)	-
Wolfgang Johannes Storf	937,277	-	(471,277)	(466,000)	-
Simon Trevisan	5,405,100	3,333,334	-	(8,738,434)	-
Cheryl Tan	31,304	-	-	(31,304)	-
Neale Fong	-	-	-	-	-

\* Other refers to shares held at the date of resignation

## DIRECTORS' REPORT

### Share Rights

During the financial year shares to the value of \$81,274 were issued to Directors in relation to bonus and incentive amounts contractually payable. These amounts were expensed during the year ended 30 June 2019 and 30 June 2018. Details of these share issues and the expense recognized in the year ended 30 June 2019 are as follows:

Director	Date of Issue	No. of shares	Value \$	Expense \$	Vested and exercisable
Mr Wolfgang Storf	03/12/2018	466,000	74,560	7,191	-
Mr David Cantor	04/12/2018	142,857	6,714	6,714	-
<b>Total</b>			<b>81,274</b>	<b>13,905</b>	-

As at 30 June 2019 there are no outstanding share rights, vested nor unvested (30 June 2018: Nil).

## DIRECTORS' REPORT

### Options

Number of options held by Parent Entity Directors and other Key Management Personnel of the Group, including their personally related parties, are set out below.

Name	Balance at the start of the year	Acquired	Disposed	Other*	Balance at the end of the year
Mark Davies	-	-	-	-	-
Peter Griffiths	2,060,334	2,634,790	-	-	4,695,124
David Cantor	-	-	-	-	-
Winton Willesee	-	-	-	-	-
Peter O'Connor	1,631,000	503,100	-	(2,134,100)	-
Wolfgang Johannes Storf	466,000	-	-	(466,000)	-
Simon Trevisan	1,864,000	3,333,334	-	(5,197,334)	-
Cheryl Tan	-	-	-	-	-
Neale Fong	-	-	-	-	-

\* Other refers to options held at the date of resignation

## DIRECTORS' REPORT

### Options

During the financial year, options were agreed to be issued to the CEO (Peter Griffiths) in December 2018. These options are subject to shareholder approval at the November 2019 Annual General Meeting ("AGM"). The approval at the 2019 AGM will determine the grant date.

These share based payments have been valued based on the 30 June 2019 share price and volatility as the best estimate of the value of the share based payments at the date they will be granted. The value of the share based payments will be updated once shareholder approval is obtained in the 2019 AGM. However, if shareholder approval is not obtained then the amounts recognized to date will be reversed through profit or loss. The options vest over the period of service up to 1 December 2020 and accordingly the options have been expensed over the vesting period. The amounts expensed during the year ended 30 June 2019 are shown below:

Director	Valuation date*	No. of options	Fair Value per option at valuation date \$	Exercise price \$	Expiry date	Value \$
Peter Griffiths (Tranche 1)	30/06/2019	6,500,000	0.0110	\$0.0589	30/06/2024	44,317
Peter Griffiths (Tranche 2)	30/06/2019	5,429,754	0.0140	\$0.0199	30/06/2024	47,337
<b>Total</b>		<b>11,929,754</b>				<b>91,654</b>

\* Options are subject to shareholder approval which will occur subsequent to year end, therefore 30 June 2019 has been used as the valuation date.

### *Voting and comments made at the Group's 2018 Annual General Meeting*

The Group received a 76.75% "yes" votes on its remuneration report for the 2018 financial year (2017: 91% yes).

The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

## DIRECTORS' REPORT

### OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

#### *Transactions with Related Parties*

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

The following transaction occurred with related parties for the year ended 30 June 2019.

The aggregate amount recognised during the year relating to Directors, Key Management Personnel and their related parties were as follows.

Director	Transaction	Transactions value for the year ended 30 June		Balance outstanding as at 30 June	
		2019 (\$)	2018 (\$)	2019 (\$)	2018 (\$)
Simon Trevisan (Director and controlling Shareholder of Tribis Pty Ltd)	Corporate administration services	82,500	90,000	-	-
Winton Willesee (Director and controlling Shareholder of Azalea Consulting Pty Ltd)	Corporate administration services	8,970	-	5,850	-
Winton Willesee (Director and controlling Shareholder of Valle Corporate Pty Ltd)	Bookkeeping and accounting services	-	-	2,277	-
<b>Total</b>		<b>91,470</b>	<b>90,000</b>	<b>8,127</b>	-

#### *Notes in relation to the table of related party transactions.*

Payments to Tribis Pty Ltd (director related entity of Simon Trevisan) for corporate administration services including company secretarial and accounting services and front and registered office services;

Payments to Azalea Consulting Pty Ltd (director related entity of Winton Willesee) for corporate administration services including company secretarial and accounting services and front and registered office services; and

Payments to Valle Corporate Pty Ltd (director related entity of Winton Willesee) for bookkeeping and financial reporting services fees.

As at 30 June 2019, the Group owed €29,500 (\$47,740) for funds advanced by an entity related to Mr Winton Willesee, a director of the Parent company. This advance was repaid during July 2019, and no interest was payable.

***This is the end of the Audited Remuneration Report.***

## DIRECTORS' REPORT

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

#### (a) Indemnification

The Group has agreed to indemnify the current Directors and Group Secretary of the Group against all liabilities to another person (other than the Group or a related body corporate) that may arise from their position as Directors and Group Secretary of the Group, except where the liability arises out of conduct involving a lack of good faith.

The Agreement stipulates that the Group will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

#### (b) Insurance Premiums

During the year ended 30 June 2019, the Company paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Company. The liabilities insured are for damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Company to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the *Corporations Act 2001*.

The Board and the Audit and Risk Committee have considered the non-audit services provided during the financial year by the Auditor and are satisfied that the provision of those non-audit services during the financial year by the Auditor is compatible with, and did not compromise, the Auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- (a) all non-audit services were subject to the Corporate Governance procedures adopted by the Group; and
- (b) the non-audit services provided do not undermine the general principals relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	30 June 2019 (\$)	30 June 2018 (\$)
<b>Other Services</b>		
BDO Corporate Finance	2,006	5,345
<b>Total remuneration for other services</b>	<b>2,006</b>	<b>5,345</b>

### SHARES

As at the date of this report there are 135,743,869 ordinary shares on issue.

## DIRECTORS' REPORT

### OPTIONS

All options granted are over ordinary shares in Neurotech International Limited, which confer a right of one ordinary share for every option held.

The group has the following options on issue as at 30 June 2019:

Grant Date	Expiry Date	Exercise Price (\$)	Balance at end of the year	Vested and exercisable
			Number	Number
09/05/2016	30/11/2020	\$0.20	7,899,314	7,899,314
03/04/2016	30/11/2020	\$0.20	466,000	155,333
28/10/2016	30/11/2020	\$0.20	2,529,076	2,529,076
25/02/2019	31/03/2021	\$0.06	26,122,966	26,122,966
			<b>37,017,356</b>	<b>36,706,689</b>

### DIVERSITY

	Number of Females
Female employees in the whole organisation	5
Females in Senior Executive Positions	3
Females on the Board	-

The Group does not have documented diversity targets, the Group makes employment decisions based on requirements of the role to be filled and does not make employment decisions based on the gender of potential candidates. The establishment of diversity targets has the potential to result in the Group making employment decisions giving consideration to gender.

### AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2019 has been received and can be found on page 29.

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

Signed on behalf of the Board of Directors.



**Winton Willesee**

**Non-Executive Director**

**Dated at Perth, Western Australia, this 30th August 2019**

## **CORPORATE GOVERNANCE**

The Board is responsible for the overall corporate governance of the Group, and it recognises the need for the highest standards of ethical behavior and accountability. It is committed to administrating its corporate governance structures to promote integrity and responsible decision making.

The Group's corporate governance structures, policies and procedures are described in its Corporate Governance Statement which is available at the Group's website at:

<http://neurotechinternational.com/investor-centre/corporate-governance>

**DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF NEUROTECH INTERNATIONAL LIMITED**

As lead auditor of Neurotech International Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Neurotech International Limited and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 30 August 2019

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019	Notes	CONSOLIDATED	
		30 June 2019 (\$)	30 June 2018 (\$)
<b>CONTINUING OPERATIONS</b>			
Revenue	3	194,556	29,277
Other income	4	59,236	68,421
Cost of sales	5	(73,078)	(29,435)
Obsolete stock written off	5	(290,666)	(47,528)
Professional consultant and advisory expenses		(279,793)	(186,691)
Professional legal expenses		(85,921)	(91,859)
Corporate and administration expenses	5	(810,257)	(776,803)
Depreciation and amortisation expenses		-	(530,488)
Finance expenses		(2,006)	(18,618)
Advertising and marketing expenses		(203,046)	(116,438)
Impairment expense	5	(2,012,274)	(137,578)
Employee benefits expense	5	(903,169)	(1,399,912)
Research expense		(19,982)	(290,131)
Share based payments expense	6	(105,559)	(28,101)
Procurement compensation payment		-	(133,947)
Equipment and materials direct cost		(85,764)	(10,075)
Other expenses		(184,485)	(290,387)
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		<b>(4,802,208)</b>	<b>(3,990,293)</b>
Income tax benefit	7	-	-
<b>PROFIT/(LOSS) AFTER INCOME TAX</b>		<b>(4,802,208)</b>	<b>(3,990,293)</b>
<b>Other comprehensive income/(loss)</b>		-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange difference on translation of foreign operations		54,280	121,636
<b>Total comprehensive profit/(loss) for the period</b>		<b>(4,747,928)</b>	<b>(3,868,657)</b>
<b>Basic loss per share (cents per share)</b>	25	<b>(4.06)</b>	<b>(3.93)</b>

The Consolidated Statement of Profit or Loss and Other Comprehensive Income are to be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019		CONSOLIDATED	
	Notes	30 June 2019 (\$)	30 June 2018 (\$)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	10	474,682	2,212,737
Trade and other receivables	11	178,066	308,173
Inventories	12	-	70,981
<b>TOTAL CURRENT ASSETS</b>		<b>652,748</b>	<b>2,591,891</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	-	374,200
Intangible assets	14	-	1,640,641
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>2,014,841</b>
<b>TOTAL ASSETS</b>		<b>652,748</b>	<b>4,606,732</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	229,260	345,872
Short-term borrowings	16	126,075	29,788
<b>TOTAL CURRENT LIABILITIES</b>		<b>355,335</b>	<b>375,660</b>
<b>TOTAL LIABILITIES</b>		<b>355,335</b>	<b>375,660</b>
<b>NET ASSETS</b>		<b>297,413</b>	<b>4,231,072</b>
<b>EQUITY</b>			
Contributed Equity	17	15,099,925	14,309,941
Reserves	18	1,378,507	1,299,942
Accumulated Losses	19	(16,181,019)	(11,378,811)
<b>TOTAL EQUITY</b>		<b>297,413</b>	<b>4,231,072</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Contributed Equity (\$)	Accumulated Losses (\$)	Capital Reserve (\$)	Share-based payment Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
<b>FINANCIAL YEAR ENDED 30 JUNE 2019</b>						
<b>Balance at 1 July 2018</b>	<b>14,309,941</b>	<b>(11,378,811)</b>	<b>74,560</b>	<b>1,192,044</b>	<b>33,338</b>	<b>4,231,072</b>
(Loss) for the year	-	(4,802,208)	-	-	-	(4,802,208)
Exchange Difference	-	-	-	-	54,280	54,280
<b>Total comprehensive (loss)</b>	<b>-</b>	<b>(4,802,208)</b>	<b>-</b>	<b>-</b>	<b>54,280</b>	<b>(4,747,928)</b>
Transactions with equity holders in their capacity as equity holders						
Exchange Difference	-	-	-	-	-	-
Capital Raising	783,689	-	-	-	-	783,689
Shares Issued to Directors	81,274	-	(61,274)	(20,000)	-	-
Share based payments	-	-	(13,286)	118,845	-	105,559
Share issue costs	(74,979)	-	-	-	-	(74,979)
<b>Balance at 30 June 2019</b>	<b>15,099,925</b>	<b>(16,181,019)</b>	<b>-</b>	<b>1,290,889</b>	<b>87,618</b>	<b>297,413</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Contributed Equity (\$)	Accumulated Losses (\$)	Capital Reserve (\$)	Share-based payment Reserve (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
<b>FINANCIAL YEAR ENDED 30 JUNE 2018</b>						
<b>Balance at 1 July 2017</b>	<b>10,354,758</b>	<b>(7,388,518)</b>	<b>178,683</b>	<b>1,238,503</b>	<b>(88,298)</b>	<b>4,295,128</b>
(Loss) for the year	-	(3,990,293)	-	-	-	(3,990,293)
Exchange Difference	-	-	-	-	121,636	121,636
<b>Total comprehensive (loss)</b>	<b>-</b>	<b>(3,990,293)</b>	<b>-</b>	<b>-</b>	<b>121,636</b>	<b>(3,868,657)</b>
Transactions with equity holders in their capacity as equity holders						
Capital Raising	4,000,000	-	-	-	-	4,000,000
Shares Issued to Directors	178,683	-	(178,683)	-	-	-
Share based payments	16,500	-	74,560	(46,459)	-	44,601
Share issue costs	(240,000)	-	-	-	-	(240,000)
<b>Balance at 30 June 2018</b>	<b>14,309,941</b>	<b>(11,378,811)</b>	<b>74,560</b>	<b>1,192,044</b>	<b>33,338</b>	<b>4,231,072</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
30 JUNE 2019**

		CONSOLIDATED	
	Notes	30 June 2019 (\$)	30 June 2018 (\$)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		113,777	36,816
Other receipts		51,278	-
Payments to suppliers and employees		(2,714,059)	(3,075,722)
Finance costs		(2,006)	(17,411)
Interest received		7,958	30,655
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	20	<b>(2,543,052)</b>	<b>(3,025,662)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(97,841)
Payments for intangible assets		-	(675,881)
Proceeds on sale of property, plant and equipment		-	2,697
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>-</b>	<b>(771,025)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		783,689	4,000,000
Repayment of borrowings		-	(397,016)
Payment of share issue costs		(74,979)	(240,000)
Proceeds from borrowings		96,287	23,494
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>804,997</b>	<b>3,386,478</b>
Net (decrease) in cash held		(1,738,055)	(420,906)
Cash and cash equivalents at beginning of financial year		<b>2,212,737</b>	<b>2,637,363</b>
Effect of exchange rate changes on cash and cash equivalents		-	(3,720)
<b>Cash and cash equivalents at end of financial year</b>	10	<b>474,682</b>	<b>2,212,737</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) General Information

Neurotech International Limited (Company) or (Entity) is a public Company limited by shares, incorporated in Australia with operations in Malta. The Consolidated Financial Report of the Company as at and for the year ended 30 June 2019 comprises the Company and its subsidiaries (together referred to as the 'Consolidated Entity' or 'Group').

The Company is primarily involved in the research, design, development and manufacture quality medical solutions and medical devices, through the use of hardware, software or technology of any kind, that improve people's quality of life.

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors' Report.

### (b) Basis of Preparation

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Neurotech International Limited is a for profit entity for the purpose of preparing the Financial Statements.

#### (i) Compliance with IFRS

The Financial Statements of the Group also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standard Board (IASB).

The Financial Statements were approved by the Board of Directors on 30th August 2019.

#### (ii) Historical cost convention

The financial report has been prepared on an accrual basis and is based on historical costs *modified* by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

All amounts are presented in Australian dollars, unless otherwise noted.

#### (iii) Comparatives

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

### (c) Going Concern

The Directors are satisfied that the going concern assumption has been appropriately applied in preparing the financial statements and the historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

For the year ended 30 June 2019 the Group made an operating loss of \$4,802,208 (2018: loss of \$3,990,293) and had cash outflows from operating activities of \$2,543,052 (2018: \$3,025,662).

The consolidated entity's ability to continue as a going concern is dependent on one or more of the following: raising further capital at the parent or project level, material increased sales of its Mente devices and associated revenue and/or sales of assets along with reducing costs and the cash impact of its costs. These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business.

The Directors believe that there are reasonable grounds to believe that the Company and consolidated entity will continue as a going concern, after consideration of the following factors:

- (i) the Company has the ability to issue additional shares (or other securities) under the Corporations Act 2001 to raise further working capital and has been successful in doing this previously, as evidenced by the successful capital raising during the financial year ended 30 June 2019;
- (ii) the Company may be able to access funding for its activities at the project level via investments or grants or a combination of both;
- (iii) directors and other key management personnel may agree to accept equity in lieu of cash fees; and
- (iv) the consolidated entity has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure.

The Directors have prepared a cashflow forecast for the next 12 month period reflecting the need for further funding as mentioned above. While the Directors are confident that they will be able to raise further capital, the funding, timing and extent is uncertain.

In the event that the funding of an amount necessary to meet the future budgeted operational and investing activities of the Group is unavailable, the Directors would undertake steps to contain the operating and investment activities as mentioned above.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

### **(d) Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Financial Statements requires Management to make judgments, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements are outlined below:

### **1. *Amortisation methods and useful life of intangible assets***

The amortisation method used and the useful life of the Group's intangible assets inherently results in the amount of amortisation of such assets being an estimate.

Refer to Note 1(p) for disclosure of the types of assets that the Group recognises as intangible assets, the amortisation methods employed and the useful lives of the assets.

### **2. *Impairment of assets***

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

### **3. *Share based payments***

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model, inputs used in valuing share-based payments, including options, are estimates.

### **4. *Depreciation methods and useful life of Property, Plant and Equipment***

The depreciation method used, and the useful life of the Group's Property, Plant and Equipment inherently results in the amount of depreciation of such assets being an estimate.

Refer to Note 1(o) for disclosure of the depreciation methods employed and the useful lives of the assets.

### **5. *Treatment of costs incurred for Research and Development***

The Group's consideration of whether its internal projects to develop medical devices are in a research phase or development phase involves significant judgement.

The Group considers a project to be in a development phase when the following can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- there is intention to complete the project;
- the existence of a market to be able to sell output resulting from the completion of the project;
- how the intangible asset will generate probable future economic benefits;
- there is adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- expenditure attributable to the project can be reliably measured.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

When the above 6 criteria are met, the Group will recognise an intangible asset in relation to the project, otherwise costs incurred to date on the project are expensed as incurred.

### (e) Principles of Consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all the subsidiaries that Neurotech International Limited ('the **Parent Entity**') has the power to control the Consolidated Entity when the Group is exposed to, or has rights to, variable returns from its involvement with the Consolidated Entity and has the ability to affect those returns through its power to direct the activities of the Consolidated Entity, the financial and operating policies as at 30 June 2019 and the results of all subsidiaries for the year ended 30 June 2019. All intercompany balances and transactions between the Group and the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Group.

### *Subsidiaries*

Subsidiaries are all entities controlled by the Consolidated Entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the Company's Financial Statements, investments in subsidiaries are carried at cost. The Financial Statements of the subsidiary are prepared for the same reporting period as the Group, using consistent accounting policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In preparing the Consolidated Financial Statements, all intercompany balances and transactions, income and expenses and profit or losses resulting from inter-entity transactions have been eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The investments in subsidiaries held by Neurotech International Limited are accounted for at cost in the separate Financial Statements of the Group less any impairment charges. The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

### (f) Foreign Currency translation

#### *Functional and presentation currency*

Items included in the Financial Statements of each of the Group entities are measured using the currency of the primary economic environment in which the Entity operates ('the functional currency'). The Consolidated Financial Statements are presented in Australian dollars (A\$), which is Neurotech International Limited's functional and presentation currency.

The functional currency of the subsidiaries of Neurotech International Limited incorporated in Malta is the Euro (EUR€).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## *Foreign currency transactions and balances*

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## *Translation of Foreign Operations*

The Statement of Profit or Loss and Other Comprehensive Income is translated at the average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of the foreign entity, the deferred cumulative amount recognised in equity relating to that foreign operation will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

## **(g) Revenue recognition**

The adoption of AASB15 has led the Group to consider its accounting policies with respect to revenue recognition. Neurotech's revenue is substantially from the sale of Mente devices, which to date are principally sold through Distributors which Neurotech has Distribution Agreements with. Sales are recognised when control of the products has transferred, being when the products are delivered to the distributor, the distributor has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the distributor's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the distributor, and either the distributor has accepted the products in accordance with the distribution agreement, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

With the exception of devices which are defective, Distributors are not able to return devices to Neurotech, that is, there is no "Right of Return", consequentially it is not necessary for the Group to consider the probability of units being returned which would lead to the recognition of a refund liability, and a right of return asset.

## **(h) Other income**

### *Interest Income*

Interest income is recognised using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

### *Government Grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (i) Research and development

Research expenditure is recognised as an expense as incurred.

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

### (j) Income Tax Expenses or Benefit

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the Parent Entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not be reversed in the foreseeable future. Current and deferred tax balances relating to amounts are recognised directly in equity.

Neurotech International Limited and its resident subsidiaries have unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

### (k) Cash and cash equivalents

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

### (l) Inventories

Inventories consist of autism related neurofeedback medical equipment being held for resale and are valued at the lower of cost and net realisable value.

Cost is determined on the first-in first-out basis. Net realisable value is the estimate of the selling price in the ordinary course of business, less the expected selling expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (m) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Customers with heightened credit risk are provided for specifically based on historical default rates and forward-looking information. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. Other receivables are recognised at amortised cost, less any provision for impairment.

### (n) Financial Assets

#### *Classification*

All the Group's financial assets are classified in the category of "Trade and other receivables". Management determines the classification of financial assets at initial recognition. The Group does not currently hold any other financial assets.

#### *Measurement*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. The fair value of trade receivables and payables is their nominal value less estimated credit adjustments.

### (o) Property, Plant and Equipment

Items of property, plant and equipment are initially recorded at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line method to write off the cost of the assets to their residual values over their estimated useful life.

The annual rates used for this purpose, which are consistent with those used in previous years, are as follows:

Improvements to premises	10%
Furniture and fittings	20%
Computer equipment and software	20-25%
Medical and other equipment	25%

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

financial position date. 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 carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

### (p) Intangible assets

#### *Project Development Costs*

Development costs that are directly attributable to the design and testing of identifiable and unique medical equipment products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the medical equipment product include the development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Medical equipment product development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

#### *Patents and trademarks*

Patents and trademarks are capitalised on the basis of the costs incurred to acquire and bring to use the respective medical equipment. These costs are amortised over their estimated useful lives of 5 to 15 years. Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of up to 15 years and are carried at cost less accumulated amortisation and impairment losses.

#### *Software*

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

#### *Website Development Costs*

The Group capitalised certain costs associated with website development. Capitalisation of website development costs begins at the start of the application development stage and ceases once testing is complete and the website is placed in operation.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Additional costs may also be capitalised subsequent to the date the website is placed in operation if the modifications result in additional functionality. Website development costs are amortised using the straight-line method over the period of five years.

### (q) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received prior to the end of the period, whether or not billed to the Group before reporting date. Trade accounts payable are normally settled within 60 days.

Financial liabilities are initially measured at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

### (r) Borrowings

Borrowings are recognised initially at the proceeds received, net of issue costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method. Any difference between proceeds (net of issue costs) and the redemption value is recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings using the effective yield method.

### (s) Employee Benefits

#### *Short term Employee Benefit Obligations*

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

#### *Other long-term Employee Benefit Obligations*

The Group does not recognise a liability for annual leave at reporting date, annual leave taken during the course of employment and annual leave paid to employees upon termination of employment is recognised in the financial statements of the Group when the employee is paid for their leave.

#### *Termination Benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognised termination benefits at the earlier of the following dates:

- (a) when the Group can no longer withdraw the offer of those benefits; and
- (b) when the Entity recognised costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (t) Share-based payments

Share-based payments which have been granted to employees comprise of shares, share rights and share options.

#### *Shares*

The value of shares granted and issued to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share capital). The value of shares granted and vested to key management personnel in one year, which will be issued in a future year are recognised as an employee benefit expense with a corresponding increase in equity (share capital reserve). Upon issuing of the shares, the value in the share capital reserve will be transferred to share capital.

The value of shares granted and in the process of vesting to key management personnel are recognised as an employee benefit expense with a corresponding increase in equity (share based payments reserve). Upon vesting and subsequent issue of the shares, the value in the share-based payments reserve will be transferred to share capital.

The basis for the value recognised for each share is the price at the time when the terms of the grant are agreed between the Group and the counter party.

#### *Share rights*

The value of share rights granted to key management personnel in a year is recognised as an employee benefit expense with a corresponding increase in equity (share based payments reserve).

In the year in which the share rights become vested, the value of share rights which have vested will be recognised in share capital reserve.

Upon issue of the related shares, the value in the share capital reserve is transferred to share capital.

The basis for the value recognised for each share right is the price at the time when the terms of the grant are agreed between the Group and the counter party.

#### *Share options*

The fair value of options granted to employees (including Key Management Personnel) is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised in each period takes into account the most recent estimate.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (u) Share-based Payment Transactions for the acquisition of goods and services

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably.

If the fair value of the goods or services received cannot be reliably measured, the transaction is measured by reference to the fair value of the instruments granted.

### (v) Contributed Equity

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

### (w) Earnings or Loss per share

Basic earnings or loss per share are calculated by dividing the net profit or loss attributable to members of the Parent Entity for the reporting period by the weighted average number of ordinary shares of the Group.

### (x) Fair Value

The fair values of financial assets and liabilities are determined in accordance with generally accepted pricing models based on estimated future cash flow. There are currently no assets and liabilities which require fair valuing under the measurement hierarchy. Due to their short-term nature, the carrying amounts of the current receivables, current payables and current borrowings are assumed to approximate their fair value.

### (y) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (z) New and amended standards adopted by the Group

Australian Accounting Standards and Interpretations that have recently issued or amended but are not yet effective have not been adopted by the Group for the year ended 30 June 2019. These are outlined in the table below.

AASB Reference	Title	Summary	Application Date of Standard	Impact on Consolidated Financial Report	Application Date for Group
AASB 16	Leases	<p>AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.</p> <p>There are some optional exemptions for leases with a period of 12 months or less and for low value leases.</p> <p>Lessor accounting remains largely unchanged from AASB 117.</p>	Annual reporting periods beginning on or after 1 January 2019.	<p>To the extent that the entity, as lessee, has significant operating leases outstanding at the date of initial application, 1 July 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and lease liabilities will be recognised at the present value of the outstanding lease payments.</p> <p>Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITDA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight-line expense incurred under AASB 117 Leases. This trend will reverse in the later years.</p> <p>There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.</p>	1 July 2019

There are no other standards that are not yet effective and that are expected to have a material impact on the Entity in the current or future reporting periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. Segment Information

The Directors have considered the requirements of AASB 8 – Operating segments. Operating segments are identified, and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group’s chief operating decision maker, which is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of cash flows.

One segment is identified, being Medical Device Development and Distribution.

The segment ‘Medical Device Development and Distribution, represents the operations of the subsidiary entities, being AAT Research & AAT Medical. The operation of the parent company Neurotech International Limited is considered to be part of the ‘Medical Device Development’ segment as its sole purpose is to provide financial, operational and strategic support the subsidiary entities.

## 3. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue represents the value of medical equipment and services sold by the Group.

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Sales Mente Products	194,556	29,277
	<b>194,556</b>	<b>29,277</b>

## 4. OTHER INCOME

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Foreign Exchange Gain	-	18,388
Award winnings	-	18,608
Shipping of Sales Products	2,990	770
Interest Income	7,958	30,655
Government Grants	48,288	-
	<b>59,236</b>	<b>68,421</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. EXPENSES

#### Cost of sales expenses

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Cost of units sold (Mente Products)	62,512	29,435
Mente 3 production rejects	10,566	-
	<b>73,078</b>	<b>29,435</b>
Obsolete Stock Written Off (Mente 2 units)	290,666	47,528
	<b>363,744</b>	<b>76,963</b>

#### Employee Benefits Expense

The total employment costs, excluding share-based payments, for the financial year ended 30 June 2019 were as follows:

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Wages and salaries and related employment costs	844,391	1,470,861
Employer's share of national insurance contribution	32,198	47,005
Recruitment and Redundancy payments	26,580	-
Less: Amounts capitalised as development costs	-	(138,858)
	<b>903,169</b>	<b>1,379,008</b>

#### Obsolete Stock Expense

Obsolete stock expense represents a provision made against the carrying value of all Mente 3 products, such that the carrying value has been written down to zero.

#### Corporate and Administration Expense

Corporate and Administration expenses include costs relating to, but not limited to: remuneration paid to Non-Executive Directors, ASX listing fees, travel and accommodation, office rent and utilities and legal, audit and accounting fees.

#### Impairment Expense

An impairment expense of \$2,012,274 has been recognised for the year ended 30 June 2019. This amount relates to the impairment of the Group's range of Mente products, which were capitalised as an intangible asset. Development costs are carried at cost less accumulated amortisation. The total amount of development costs has been subject to impairment testing. If impairment indicators are identified, the recoverable amount is estimated using the higher of value-in-use methodology or fair value less costs of disposal. The board has determined that there is full impairment at 30 June 2019 and accordingly the net carrying value has been written down to nil (2018: \$1,640,641). The impairment expense recognised is detailed in Note 14.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 6. SHARE BASED PAYMENTS

#### Share Rights

During the financial year shares to the value of \$81,274 were issued to Directors in relation to bonus and incentive amounts contractually payable. These amounts were expensed during the year ended 30 June 2019 and 30 June 2018. Details of these share issues and the expense recognized in the year ended 30 June 2019 are as follows:

Name	Date of issue	No. of shares	Value \$	Expense \$
Wolfgang Storf	03/12/2018	466,000	74,560	7,191
David Cantor	04/12/2018	142,857	6,714	6,714
<b>Total</b>			<b>81,274</b>	<b>13,905</b>

As at 30 June 2019 there are no outstanding share rights, vested nor unvested (30 June 2018: Nil).

#### Options

During the financial year, options were agreed to be issued to the CEO (Peter Griffiths) in December 2018. These options are subject to shareholder approval at the November 2019 Annual General Meeting ("AGM"). The approval at the 2019 AGM will determine the grant date.

These share based payments have been valued based on the 30 June 2019 share price and volatility as the best estimate of the value of the share based payments at the date they will be granted. The value of the share based payments will be updated once shareholder approval is obtained in the 2019 AGM. However, if shareholder approval is not obtained then the amounts recognized to date will be reversed through profit or loss.

The assessed fair value of these options has been determined using a Black-Scholes option pricing model with the following inputs:

Input	Tranche 1	Tranche 2
Number of options	6,500,000	5,429,754
Underlying share price	\$0.0190	\$0.0190
Exercise price	\$0.0589	\$0.0199
Expected volatility	100%	100%
Expiry date (years)	5.0	5.0
Expected dividends	-	-
Risk free rate	1.03%	1.03%
<b>Value</b>	<b>71,221</b>	<b>76,074</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The options vest over the period of service up to 1 December 2020 and accordingly the options have been expensed over the vesting period. The amounts expensed during the year ended 30 June 2019 are shown below.

Name	Valuation date*	No. of options	Value \$
Peter Griffiths (Tranche 1)	30/06/2019	6,500,000	44,317
Peter Griffiths (Tranche 2)	30/06/2019	5,429,754	47,337
<b>Total</b>		<b>11,929,754</b>	<b>91,654</b>

\* Options are subject to shareholder approval which will occur subsequent to year end, therefore 30 June 2019 has been used as the valuation date.

### *Recognition of vesting of options*

The 466,000 options granted on 3 April 2016 are held by the Group's CEO Wolfgang Storf and were granted under terms of his executive services agreement entered into on 31 March 2016. The executive services agreement provides that one third of the options vest every year, with the first third having vested on 3 November 2017.

The sole vesting condition relating to these options is Mr Storf's continued employment. Following the resignation of Wolfgang Storf on 26 November 2018, the options vested in full.

### *Short term incentive (STI) transactions with previous CEO*

On 30 November 2017, Neurotech International Limited issued 471,277 shares to the Group's CEO Wolfgang Storf. These shares were issued to settle the STI entitlement earned by Mr Storf in relation to the period April 2016 to December 2016. This is therefore not share based payment in accordance with *AASB 2 Share-Based Payments*, however it is a transaction settled through the issue of shares.

The value of the STI entitlement for the 9-month period, \$112,864 (€76,500) was settled through the issue of 471,277 shares.

The value of the STI entitlement in AUD and the number of shares was determined using the average EUR:AUD exchange rate for the period 1 April 2016 to 31 December 2016, and the 3 VWAP of the Group's shares to 17 May 2017, being the day the Mr Storf agreed to receive his bonus in shares, respectively.

In relation to the 2018 financial year, the Group's CEO was paid an STI of \$61,575 (€40,000) which was paid in cash during the year. No further STI was granted or will be granted to Mr Storf in relation to the 2019 financial year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7. INCOME TAX

The current taxation charge comprises taxation at 27.5% on the profit generated by one of the Group's entities as adjusted for tax purposes.

A deferred taxation asset arising on temporary differences and unused tax losses has not been recognised in these financial statements.

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
<b>The numerical reconciliation between tax expense and the accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:</b>		
Accounting (loss) before income tax	(4,802,208)	(3,990,293)
Income tax benefit calculated at the Group's statutory income tax rate of 27.5% (2018: 27.5%)	(1,320,607)	(1,097,330)
Add Tax effect on amounts which are assessable/not tax deductible:		
• Capital expenses to be amortised over 5 years	-	34,714
• Non assessable income	-	-
• Non-deductible expenses	-	189,435
• Timing differences	-	30,713
Less Tax effect on amounts which are tax deductible:		
• Black hole expenditure	-	(95,777)
Tax losses not brought to account	1,320,607	938,245
Income tax benefit	-	-

The total amount of tax losses not brought to account is \$3,485,641 (2018: \$2,165,034).

The benefit for tax losses will only be obtained if:

- (a) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- (b) the Group continues to comply with the conditions for deductibility imposed by Law; and
- (c) no changes in tax legislation adversely affect the ability of the Group to realise these benefits.

### 8. FINANCIAL RISK MANAGEMENT

#### i. Overview

The financial risks arising from the Group's operations comprise market, liquidity and credit risk. These risks arise in the normal course of business, and the Group manages its exposure to them in accordance with the Group's portfolio risk management strategy.

The objective of the strategy is to support the delivery of the Group's financial targets while protecting its future financial security and flexibility by taking advantage of the natural diversification provided by the scale, diversity and flexibility of the Group's operations and activities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring risk and the management of capital.

The Group's Risk Management Framework is supported by the Board. The whole Board is responsible for approving and reviewing the Group's Risk Management Strategy and Policy. Management is responsible for monitoring appropriate processes for identifying, monitoring and managing significant business risks faced by the Group and considering the effectiveness of its internal control system.

The Board has established an overall Risk Management Policy which sets out the Group's system of risk oversight, management of material business risks and internal control.

The Group holds the following financial instruments:

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
<b>Financial assets</b>		
Cash and cash equivalents	474,682	2,212,737
Trade and other receivables	30,621	51,919
	<b>505,303</b>	<b>2,264,656</b>
<b>Financial Liabilities</b>		
Trade and other payables	229,260	324,466
Borrowings	126,075	29,788
	<b>355,335</b>	<b>354,254</b>

### ii. Financial Risk Management Objectives

The overall financial Risk Management Strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

### iii. Credit Risk

Credit risk is the risk of the financial loss to the Group if counterparty to a financial instrument fails to meet its contractual obligations and the risk arises principally from the Group's cash and cash equivalents, deposits with banks and financial institutions, and receivables.

Cash at bank is placed with reliable financial institutions. For banks and financial institutions, the Group banks only with financial institution with high quality standing or rating.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared risk characteristics and the days past due. Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
<b>Trade receivables</b>		
<i>Counterparties without external credit rating, past due but not impaired</i>		
Existing customers (less than 6 months) with no defaults in the past	-	-
Existing customers (more than 6 months) with no defaults in the past	1,777	19,774
<i>Counterparties without external credit rating, past due and impaired</i>		
Gross Value	80,779	8,040
Doubtful Debt Provision	(80,779)	(7,086)
Net Value	-	954
	<b>1,777</b>	<b>20,728</b>
<b>Other receivables</b>		
Security Deposit	28,844	30,240
Other receivables	-	851
	<b>28,844</b>	<b>31,091</b>
<b>Total trade and Other receivables</b>	<b>30,621</b>	<b>51,819</b>
<b>Cash at bank and Commercial Bills **</b>		
Cash at bank – St George Bank and Bank of Valletta Plc.	474,312	195,695
Petty cash account	370	-
HiFX Foreign Exchange – Euro denominated	-	1,010,768
Commercial Bills – St George Bank	-	1,006,274
	<b>474,682</b>	<b>2,212,737</b>

\*\*Bank of Valletta is currently rated 'BBB' by an international rating agency and St George Bank has an "AA" credit rating, HiFX is a 100% owned subsidiary of Euronet Worldwide Inc (NASDAQ: EFFT) which has a market capitalization of USD\$4.96 billion as of 28 August 2018. Neither HiFX nor Euronet have a published credit rating.

Security deposits relate to manufacturing of Mente Autism units and a security deposit for the Group's premises in Malta.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### iv. Liquidity Risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for Liquidity Risk Management rests with the Board of Directors. The Board has determined an appropriate Liquidity Risk Management Framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of the discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months (\$)	6 – 12 months (\$)	More than 12 months (\$)	Total (\$)	Carrying Amount (\$)
<b>Group - at 30 June 2019</b>					
Trade payables	154,220	-	-	154,220	154,220
Borrowings	126,075	-	-	126,075	126,075
<b>Total</b>	<b>280,295</b>	-	-	<b>280,295</b>	<b>280,295</b>
<b>Group - at 30 June 2018</b>					
Trade payables	127,296	-	-	127,296	127,296
Borrowings	29,788	-	-	29,788	29,788
<b>Total</b>	<b>157,084</b>	-	-	<b>157,084</b>	<b>157,084</b>

The Group has an unsecured General Banking Facility of €60,000 (\$94,578) by Bank of Valletta P.L.C., which was drawn to €48,405 (\$78,335) at 30 June 2019.

As at 30 June 2019, the Group owed €29,500 (\$47,740) for funds advanced by an entity related to Mr Winton Willesee, a director of the Parent company. This advance was repaid during July 2019, and no interest was payable.

### v. Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates may affect the Group's income or the value of its holdings of financial instruments. The objective of Market Risk Management is to manage and control market risk exposures within acceptable parameters, while optimising return.

### vi. Foreign Exchange Risk

The Group is exposed to currency risk on financial assets or liabilities that are denominated in a currency other than the respective functional currencies of the Group's, the Australian Dollar (AUD) for Parent Entity and Euro (EUR) for the subsidiaries of Consolidated Entity.

The Parent Entity which has a functional currency of Australian Dollars has no exposure to foreign exchange risk as there are no financial assets or liabilities denominated in a foreign currency (30 June 2018: \$1,010,768). The subsidiaries of the Parent Entity, which have a functional currency of the Euro (EUR) have no exposure to foreign exchange risk as there are no financial assets or liabilities denominated in a foreign currency (30 June 2018: nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### vii. Interest Rate Risk

The Group's exposure to interest rates primarily relates to the Group's cash and cash equivalents.

As the Group has no significant interest-bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. The Group has a low level of interest bearing liabilities and as such does not actively manage exposure to interest rate risk

#### *Profile*

At the reporting date, the interest rate profile of the Group's and the Entity's interest bearing financial instruments are:

#### *Variable Rate Instruments*

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Financial Assets	474,682	2,212,737
Financial Liabilities	(78,335)	(29,788)
	<b>396,347</b>	<b>2,182,949</b>

As at 30 June 2019, the Group had net cash of A\$396,347 comprising borrowings of A\$78,335 (EUR 48,405), and cash reserves of A\$474,682 (EUR 2,213 and AUD 470,730).

The average interest rates on the Group's borrowings were as follows:

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Bank overdrafts	5.65%	5.65%
Bank loans	-	-
Maturity of interest-bearing loans and borrowings		
Repayable on demand	78,335*	29,788*
Less than 6 months	-	-
Between 1 and 2 years	-	-
Between 2 and 5 years	-	-
5 years and over	-	-

\*AUD equivalent values of borrowings denominated in Euros.

The Group's borrowings are represented by an overdraft which is repayable on demand. This overdraft was repaid in July 2019.

The Group's exposure to interest rate risk and effective weighted average interest rate by maturing periods is set out in tables below. All cash balances and borrowings are subject to a floating interest rate. The Group does not earn interest on cash held in the EUR currency, and the below stated weighted average interest rate reflects this.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 June 2019

	Weighted Average Effective Interest Rate	Cash Available for use	Borrowings Payable on Demand	Total
Cash and cash equivalents	0.57%	474,682	-	474,682
Borrowings	5.65%	-	78,335	78,335

30 June 2018

	Weighted Average Effective Interest Rate	Cash Available for use	Borrowings Payable on Demand	Total
Cash and cash equivalents	0.57%	2,212,737	-	2,212,737
Borrowings	5.65%	-	29,788	29,788

Up to the end of the reporting period, the Group did not have any hedging policy with respect to interest rate risk as exposure to such risk was not deemed to be significant by the directors since these assets are of a short-term nature. Management considers the potential impact on profit or loss of a defined interest rate shift that is reasonably probable at the end of the reporting period to be immaterial.

### ***Cash Flow Sensitivity Analysis for Variable Rate Instruments***

The Board's assessment of a reasonably possible change in interest rates relating to the Company's Cash and Cash equivalents and borrowings is disclosed in the table below

	Number of basis points
Cash and cash equivalents	25
Borrowings	100

Management considers the potential impact on profit or loss of a reasonably possible change in interest rates at the end of the reporting period to be immaterial based on the current amounts of cash and cash equivalents and borrowings.

### **9. CAPITAL MANAGEMENT**

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other Stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

The Board is constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing Management may issue new shares, sell assets to reduce debt.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels whilst this position has not changed.

The Group has no formal financing and gearing policy or criteria during the year having regard to the early status of its development and low level of activity. This position has not changed from the previous year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Consolidated Statement of Cash Flows comprise the following Consolidated Statement of Financial Position amounts:

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Cash at Bank and on hand	474,682	2,212,737
	<b>474,682</b>	<b>2,212,737</b>

No amount of the Group's Cash at bank and on hand is restricted (30 June 2018: Nil). Refer to Note 8 Financial Risk Management for risk exposure analysis for Cash and cash equivalents.

### 11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Trade receivables	82,555	20,728
Provision for non-recovery	(80,778)	-
<b>Net Trade receivables</b>	<b>1,777</b>	<b>20,728</b>
Security Deposits	28,844	30,240
GST/VAT/Sales Tax Receivable	138,171	124,831
Other receivables	-	851
<b>Trade and Other receivables</b>	<b>168,792</b>	<b>176,650</b>
Prepayments	9,274	131,523
	<b>178,066</b>	<b>308,173</b>

### 12. INVENTORIES

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Raw Materials	140,236	60,767
Finished Goods	154,707	10,214
Provision for obsolescence	(294,943)	-
	-	<b>70,981</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT AND EQUIPMENT

	Improvements to premises	Medical and other equipment	Computer equipment and software	Furniture and fittings	Total
<b>Year ended 30 June 2019</b>					
Balance at 1 July 2018, net of accumulated depreciation	139,406	101,008	38,058	95,728	374,200
Disposals/Write off	(139,406)	(101,008)	(38,058)	(95,728)	(374,200)
Depreciation expense	-	-	-	-	-
<b>Balance at 30 June 2019, net of accumulated depreciation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Year ended 30 June 2018</b>					
Balance at 1 July 2017, net of accumulated depreciation	166,583	104,429	47,095	145,997	464,104
Additions	25,306	37,754	5,663	29,118	97,841
Movement in foreign currency	9,630	5,243	2,489	7,907	25,269
Disposals/Write off	(41,877)	(640)	(1,715)	(47,344)	(91,576)
Depreciation expense	(20,236)	(45,778)	(15,474)	(39,950)	(121,438)
<b>Balance at 30 June 2018, net of accumulated depreciation</b>	<b>139,406</b>	<b>101,008</b>	<b>38,058</b>	<b>95,728</b>	<b>374,200</b>
<b>Balance at 30 June 2018</b>					
Cost	178,898	218,914	75,242	169,033	642,087
Accumulated Depreciation	(39,492)	(117,906)	(37,184)	(73,305)	(267,887)
<b>Net carrying amount as at 30 June 2018</b>	<b>139,406</b>	<b>101,008</b>	<b>38,058</b>	<b>95,728</b>	<b>374,200</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. INTANGIBLE ASSETS

	Website	Mente Development	Trademarks	Patents	Total
<b>Year ended 30 June 2019</b>					
Balance at 1 July 2018, net of amortisation	27,377	1,575,327	-	37,937	1,640,641
Additions	-	-	-	-	-
Movement in foreign currency	-	18,537	-	446	18,983
Impairment	-	(1,593,864) <sup>1</sup>	-	-	(1,593,864)
Assets written off	(27,377)	-	-	(36,363)	(63,740)
Amortisation expense	-	-	-	(2,020)	(2,020)
<b>Balance at 30 June 2019, net of accumulated amortisation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> This amount is the value of the Group's Mente products which was recognised as an intangible asset at 30 June 2018. During the financial year the Group has impaired this asset in full in accordance with AASB 136 due to significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 14. INTANGIBLE ASSETS (CONTINUED)

	Website	Mente Development	Trademarks	Patents	Total
<b>Year ended 30 June 2018</b>					
Balance at 1 July 2017, net of amortisation	42,882	1,354,879	1,349	39,530	1,438,640
Additions	-	675,881	-	-	675,881
Movement in foreign currency	2,180	72,976	82	3,461	78,699
Impairment	-	(137,578) <sup>1</sup>	-	-	(137,578)
Assets written off	-	(3,300)	(1,496)	(1,154)	(5,950)
Amortisation expense	(17,685)	(387,531)	65	(3,900)	(409,051)
<b>Balance at 30 June 2018, net of accumulated amortisation</b>	<b>27,377</b>	<b>1,575,327</b>	-	<b>37,937</b>	<b>1,640,641</b>
<b>Balance at 30 June 2018</b>					
Cost	79,547	2,096,720	2,758	59,900	2,238,925
Amortisation	(52,170)	(521,393)	(2,758)	(21,963)	(598,284)
Net carrying amount as at 30 June 2018	<b>27,377</b>	<b>1,575,327</b>	-	<b>37,937</b>	<b>1,640,641</b>

<sup>1</sup> This amount is the value of the Group's Mente Pro project which was recognised as an intangible asset at 30 June 2017, during the financial year ended 30 June 2018 the Group has impaired this asset in full.

#### Significant accounting judgement and estimation

Development costs are carried at cost less accumulated amortisation. The total amount of development costs has been subject to impairment testing. If impairment indicators are identified, the recoverable amount is estimated using the higher of value-in-use methodology or fair value less costs of disposal. The board has determined that there is full impairment at 30 June 2019 and accordingly the net carrying value has been written down to zero (2018: \$1,640,641).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 15. PAYABLES

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Trade payables	154,220	127,296
Accrued expenses	75,040	120,398
Other payables	-	98,178
	<b>229,260</b>	<b>345,872</b>

### 16. INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
<b>Current Borrowings</b>		
Bank overdrafts	78,335	29,788
Loan from Director related entity	47,740	-
	<b>126,075</b>	<b>29,788</b>

As at 30 June 2019, the Group owed €29,500 (\$47,740) for funds advanced by an entity related to Mr Winton Willesee, a director of the Parent company. This advance was repaid during July 2019, and no interest was payable.

#### Risk exposure

Refer to Note 8 above for risk disclosures.

### 17. CONTRIBUTED EQUITY

	CONSOLIDATED			
	2019 (Shares)	2018 (Shares)	2019 (\$)	2018 (\$)
Ordinary Shares	135,743,869	109,012,046	15,099,925	14,309,941
<b>Total Share Capital</b>	<b>135,743,869</b>	<b>109,012,046</b>	<b>15,099,925</b>	<b>14,309,941</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (a) Movements of share capital during the period

Date	Details	No of shares	Issue price(\$)	\$
	<b>Opening Balance as at 01/07/2017</b>	<b>88,035,112</b>		<b>10,354,758</b>
25.10.2017	Share Placement – Tranche 1	13,205,266	0.20	2,641,053
30.11.2017	Share Placement – Tranche 2	6,794,734	0.20	1,358,947
30.11.2017	Cost of Share Issue			(240,000)
30.11.2017	Issue of shares to Wolfgang Storf	471,277	0.24	112,864
30.11.2017	Issue of shares Adrian Attard Trevisan	411,371	0.16	65,819
30.11.2017	Issue of shares for provision of services	94,286	0.175	16,500
	<b>Closing Balance as at 30/06/2018</b>	<b>109,012,046</b>		<b>14,309,941</b>
03.12.2018	Issued to Wolfgang Storf	466,000	0.16	74,560
04.12.2018	Issued to David Cantor	142,857	0.047	6,714
25.02.2019	Issue of shares pursuant to prospectus	26,122,966	0.03	783,689
25.02.2019	Cost of Share Issue			(74,979)
	<b>Closing Balance as at 30/06/2019</b>	<b>135,743,869</b>		<b>15,099,925</b>

#### *Ordinary Shares*

The holder of Ordinary Shares is entitled to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary Shares have no par value and the Group does not have a limited amount of authorised capital.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 18. OTHER RESERVES

	CONSOLIDATED		
	Capital Reserve (\$)	Share Based Payments Reserve (\$)	Foreign Currency Translation Reserve (\$)
<b>Balance at 30 June 2017</b>	<b>178,683</b>	<b>1,238,503</b>	<b>(88,298)</b>
Foreign exchange movement	-	-	121,636
Issue of shares to Wolfgang Storf	(112,864)	-	-
Issue of shares to Adrian Attard Trevisan	(65,819)	-	-
Vesting of share-based payments	-	28,101	-
Issue of shares to Wolfgang Storf	74,560	(74,560)	-
<b>Balance at 30 June 2018</b>	<b>74,560</b>	<b>1,192,044</b>	<b>33,338</b>
Foreign exchange movement	-	-	54,280
Issue of shares to Directors	(74,560)	13,905	-
Issue of options to Directors	-	91,654	-
Issue of shares to Directors	-	(6,714)	-
<b>Balance at 30 June 2019</b>	<b>-</b>	<b>1,290,889</b>	<b>87,618</b>

#### (a) Capital Reserve

The capital reserve is used to record the value of the shares which have been agreed to issue but have not yet been issued.

##### **Shares issued to Wolfgang Storf**

The shares issued to Mr Wolfgang Storf were the settlement of his performance bonus relating to the 9 month period 1 April 2016 to 31 December 2016. Shareholders approved the issue of these shares at the Annual General Meeting which was held on 23 November 2018.

##### **Shares issued to Dr Adrian Attard Trevisan**

Shares issued in the prior period to Dr Adrian Attard Trevisan were for the settlement of performance rights which vested on 1 April 2017, being the date that ceased as an employee of the Group and became a non-executive director.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Movements in share rights during the period

Date	Details	No of rights	Issue price (\$)	\$
	<b>Opening Balance as at 01/07/2017</b>	<b>411,371</b>		<b>65,819</b>
30.11.2017	Settlement share rights, issue of shares	(411,371)	0.16	(65,819)
	<b>Closing Balance as at 30/06/2018</b>	-		-
	<b>Closing Balance as at 30/06/2019</b>	-		-

### (b) Share-based payments Reserve

The share-based payments reserve represents the value of options and share rights issued to key management personnel, vendors and for services in relation to capital raisings. The share-based payments reserve is used to record the value of the share-based payments provided to employees, consultants and for options issued pursuant to any acquisition or in exchange for services. Further detail on share-based payments is provided at Note 6.

### (c) Foreign Currency Reserve

The foreign currency reserve records foreign currency differences arising from the translation of Financial information of the Group's Maltese subsidiaries which have a functional currency of the Euro.

### 19. ACCUMULATED PROFIT/(LOSS)

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Accumulated (loss) at the beginning of the year	(11,378,811)	(7,388,518)
Comprehensive (loss) attributable to shareholders	(4,802,208)	(3,990,293)
Accumulated (loss) at the end of the year	<b>(16,181,019)</b>	<b>(11,378,811)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 20. CASH FLOW INFORMATION

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:		
<b>Non-cash flows in profit from ordinary activities</b>		
Net (Loss) after Income Tax	(4,802,208)	(3,990,293)
Depreciation & amortisation	-	530,488
Share based payment	105,559	44,601
Write off of loan receivable	-	10,697
Cost of rejected inventory and stock trade ins	-	58,000
Obsolete stock written off	-	47,528
Impairment of intellectual property	1,640,641	137,578
Fixed assets write off	374,200	54,492
<b>Changes in assets &amp; liabilities</b>		
(Increase)/Decrease in trade and other receivables	130,107	131,517
(Increase)/Decrease in inventories	70,981	9,765
(Increase)/Decrease in prepayments	-	(108,377)
Increase/(Decrease) in trade and other payables	(116,612)	63,637
Increase/(Decrease) in exchange rate movements	54,281	(15,295)
<b>Cash flow used in Operating Activities</b>	<b>(2,543,052)</b>	<b>(3,025,662)</b>

### 21. INTERESTS IN OTHER ENTITIES

Name of Entity	Place of business/country of incorporation	Ownership Interest held by the Group		
		2019	2018	Principal Activities
AAT Research Ltd	Malta	100%	100%	Parent Group of AAT Medical Ltd, AAT Intellectual Property Ltd and AAT Services Ltd
AAT Medical Ltd	Malta	100%	100%	Executing medical research projects and Developing novel technological devices that are marketable
AAT Intellectual Property Ltd	Malta	0%	100%	Publishing, registering and maintaining intellectual property

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 22. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no matters or circumstances that have arisen since the reporting date.

### 23. REMUNERATION OF AUDITOR

During the year the following fees were paid or payable for services provided by the Auditor of the Entity and its related parties.

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
<b>Audit and Other Assurance Services</b>		
BDO Audit (WA) Pty Ltd	36,977	39,364
<b>Total remuneration for Audit and Other Assurance Services</b>	<b>36,977</b>	<b>39,364</b>
<b>Other Service</b>		
Non auditing service - BDO Corporate Finance (WA) Pty Ltd	2,006	5,345
<b>Total remuneration for Other Service</b>	<b>2,006</b>	<b>5,345</b>

### 24. COMMITMENTS

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Not later than one year	92,473	223,254
Later than one year but not later than five years	7,706	57,650
Later than five years	-	-
<b>TOTAL</b>	<b>100,179</b>	<b>280,904</b>

#### Office Lease Commitment

The Group has an Office Lease Agreement in respect of a premise within the Malta Life Sciences Park in San Gwann, Malta (Office Lease).

The Office Lease is for a term of 5 years commencing on 29 July 2015 and expiring on 29 July 2020. The Group has an option to extend the term for a further 5 years, and the disclosure above does not include amounts that would be payable under this optional term.

The fee for the lease is €57,141 per annum, exclusive of VAT. At 30 June 2019, the commitment for the period to 31 July 2020 is €61,903 (A\$100,179).

### 25. LOSS PER SHARE

The calculation of basic loss per share at 30 June 2019 was based on the loss attributable to ordinary Shareholders of \$4,802,208 (2018: \$3,990,293) and a weighted average number of ordinary shares outstanding during the year of 118,311,905 (2018: 101,523,862).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	30 June 2019 (\$)	30 June 2018 (\$)
Basic loss per share (cents per share)	(4.06)	(3.93)
<b>(Loss) used in the calculation of Earnings (Loss) Per Share</b>	<b>(4,802,208)</b>	<b>(3,990,293)</b>
Weighted average number of ordinary shares	118,311,905	101,523,862

Effect of dilutive securities: Share options are not considered dilutive as the conversion of options to ordinary shares will result in a decrease in the net loss per share.

### 26. CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information, which leads them to believe there are any other material contingent liabilities outstanding as at 30 June 2019.

### 27. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At 30 June 2019 and 30 June 2018, the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short-term maturities of these assets and liabilities.

The fair values of non-current financial assets and non-current financial liabilities are not materially different from their carrying amounts.

### 28. RELATED PARTY DISCLOSURES

#### *Parent Entity*

The legal Parent Entity of the Group is Neurotech International Limited (NTI). NTI owns 100% of the issued ordinary shares of AAT Research Limited (directly), AAT Medical Limited, and AAT Intellectual Property Limited (indirectly) which are the subsidiaries of AAT Research Limited. All subsidiaries are incorporated in Malta.

#### *Wholly-owned Group transactions*

Loans made by Neurotech International Limited (NTI) to wholly-owned subsidiary companies are contributed to meet required expenditure payable on demand and are not interest bearing.

#### *Key Management Personnel*

	30 June 2019 (\$)	30 June 2018 (\$)
Short-term employee benefits	505,334	1,038,086
Post-employment benefits	2,069	-
Termination benefits	143,537	53,878
Share-based payment	105,559	28,101
	<b>756,499</b>	<b>1,120,065</b>

Detailed remuneration disclosures for Directors and Executives for the year to 30 June 2019 are provided in the Remuneration Report on pages 14 to 25.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### *Transactions with other related parties*

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

The following transactions occurred with related parties for 30 June 2019.

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
Administration fee to Tribis Pty Ltd	82,500	90,000
Administration fee to Azalea Consulting Pty Ltd	8,970	-
Bookkeeping and accounting services to Valle Corporate Pty Ltd	2,277	-
<b>End of period</b>	<b>93,747</b>	<b>90,000</b>

### *Notes in relation to the table of related party transactions.*

Payments to Tribis Pty Ltd (director related entity of Simon Trevisan) for corporate administration services including company secretarial and accounting services and front and registered office services;

Payments to Azalea Consulting Pty Ltd (director related entity of Winton Willesee) for corporate administration services including company secretarial and accounting services and front and registered office services;

Payments to Valle Corporate Pty Ltd (director related entity of Winton Willesee) for bookkeeping and financial reporting services fees.

### *Loans to/from related parties*

	CONSOLIDATED	
	30 June 2019 (\$)	30 June 2018 (\$)
<b>Loans to Key Management Personnel</b>		
Beginning of period	-	10,179
Foreign Exchange movement	-	518
Debt write off	-	(10,697)
<b>End of period</b>	<b>-</b>	<b>-</b>

The above loan related to Dr Adrian Attard Trevisan, a non-executive director of the Group who retired from the Board on 27 June 2018.

As at 30 June 2019, the Group owed €29,500 (\$47,740) for funds advanced by an entity related to Mr Winton Willesee, a director of the Parent company. This advance was repaid during July 2019, and no interest was payable.

There were no other related parties' transactions to individual or Directors of the Group during the period ended 30 June 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 29. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, Neurotech International Limited, as at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	30 June 2019 (\$)	30 June 2018 (\$)
Current assets	476,578	2,941,987
Non-current assets	-	1,368,731
<b>Total Assets</b>	<b>476,578</b>	<b>4,310,718</b>
Current liabilities	143,120	50,564
Non-current liabilities	-	-
<b>Total Liabilities</b>	<b>143,120</b>	<b>50,564</b>
<b>Net Assets</b>	<b>333,458</b>	<b>4,260,154</b>
Contributed equity	19,048,910	18,258,926
Reserve	1,434,765	1,266,604
(Accumulated losses)	(20,150,217)	(15,265,376)
<b>Total Equity</b>	<b>333,458</b>	<b>4,260,154</b>
Profit/(loss) for the year	(4,884,841)	(3,838,408)
Other comprehensive profit/(loss) for the year	-	-
<b>Total Comprehensive profit/(loss) for the Year</b>	<b>(4,884,841)</b>	<b>(3,838,408)</b>

There are no other separate commitments and contingencies for the parent entity other than Management commitments stated in Note 24 or the Group as at 30 June 2019.

## DIRECTORS' DECLARATION

In the opinion of the Directors of Neurotech International Limited (**Group**):

- (a) the Financial Statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and Notes set out on pages 30 to 69, are 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 2019 and of their performance, for the financial period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and other mandatory professional reporting requirements.
- (b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Financial Officer for the financial period ended 30 June 2019.

Signed in accordance with a resolution of the Directors.



**Winton Willesee**

Non-Executive Director

Dated at Perth, Western Australia, this 30th August 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of Neurotech International Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Neurotech International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

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

#### Material uncertainty related to going concern

We draw attention to Note 1 (c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Accounting for share based payments

Key audit matter	How the matter was addressed in our audit
<p>During the year the Company agreed to issue share options to the Company's Managing Director, the issue of these options are subject to shareholder approval which is to be obtained subsequent to year end. These have been accounted for as share-based payments in the year ended 30 June 2019 and disclosed in Note 6 of the financial report.</p> <p>Share-based payments are a complex accounting area and due to the judgemental estimates used in determining the fair value of the share-based payments in accordance with AASB 2: Share Based Payments, we consider management's calculation of the share based payments expense to be a key audit matter.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Reviewing relevant supporting documentation to obtain an understanding of the contractual nature, terms and conditions of the share-based payment arrangements;</li> <li>• Considering the appropriateness of the methodology and date of valuation used by management to assess the fair value of the share-based payments;</li> <li>• Involving our valuation specialists, to assess the reasonableness of management's valuation inputs in respect of volatility;</li> <li>• Assessing the reasonableness of the share-based payment expense; and</li> <li>• Assessing the adequacy of the related disclosures in Note 1 and 6 of the financial report.</li> </ul>

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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

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

## Responsibilities of the directors for the Financial Report

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



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

#### Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

#### Report on the Remuneration Report

##### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 25 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Neurotech International Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

##### Responsibilities

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

BDO Audit (WA) Pty Ltd



Jarrad Prue

Director

Perth, 30 August 2019

## ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 23 August 2019.

### 1. Quotation

Listed securities in Neurotech International Limited are quoted on the Australian Securities Exchange under ASX code NTI (Fully Paid Ordinary Shares).

### 2. Voting Rights

The voting rights attached to the Fully Paid Ordinary shares of the Company are:

- (a) at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- (b) on a show of hands, every person present, who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

There are no voting rights attached to any Options on issue.

### 3. Distribution of Equity Securities:

#### i) Fully paid Ordinary Shares

Shares Range	Holders	Units	%
1 - 1,000	25	6,546	-
1,001 - 5,000	149	476,760	0.35
5,001 - 10,000	128	1,049,231	0.77
10,001 - 100,000	439	18,187,042	13.40
100,001 and above	203	116,024,290	85.47
<b>Total</b>	<b>944</b>	<b>135,743,869</b>	<b>100.00%</b>

On 23 August 2019, there were 541 holders of unmarketable parcels of less than 6,592,161 ordinary shares (based on the closing share price of \$0.014).

#### ii) Unlisted Options exercisable at \$0.20 on or before 30 November 2020

Shares Range	Holders	Units	%
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 and above	8	10,894,390 <sup>1</sup>	100.00
<b>Total</b>	<b>8</b>	<b>10,894,390</b>	<b>100.00%</b>

<sup>1</sup>Holders who hold more than 20% of securities are:  
Rhaegar Pty Ltd – 2,529,076 options

## INDEPENDENT AUDIT REPORT

### iii) Unlisted Options exercisable at \$0.06 on or before 31 March 2021

Shares Range	Holders	Units	%
1 - 1,000	4	184	-
1,001 - 5,000	18	65,101	0.25
5,001 - 10,000	10	79,918	0.31
10,001 - 100,000	42	1,756,454	6.72
100,001 and above	34	24,221,309 <sup>1</sup>	92.72
<b>Total</b>	<b>108</b>	<b>26,122,966</b>	<b>100.00%</b>

<sup>1</sup>Holders who hold more than 20% of securities are:  
HSBC Custody Nominees (Australia) Limited – 6,666,667 options

### 4. Substantial Shareholders

The name of the substantial shareholder listed on the Company's register as at 23 August 2019 is:

Name: Pyxis Holdings Pty Ltd <The Mapletree A/C>  
Holder of: 7,499,999 fully paid ordinary shares, representing 5.53% as at 27 February 2019  
Notice Received: 28 February 2019

### 5. Restricted Securities

There are no restricted securities listed on the Company's register as at 23 August 2019.

### 6. On market buy-back

There is currently no on market buy back in place.

### 7. Application of funds

The Company has applied its cash and assets readily convertible to cash in a way that is consistent with its business objectives detailed in its IPO prospectus.

### 8. Twenty Largest Shareholders:

The twenty largest shareholders of the Company's quoted securities as at 23 August 2019 are as follows:

	Name	No. of Shares	%
1	TRIBIS PL	8,738,434	6.44
2	PYXIS HLDGS PL MAPLETREE A/C	6,799,999	5.01
3	SHIMANO VENTURES LTD	6,205,884	4.57
4	SURF COAST CAP PL MINNIE P/F A/C	4,641,694	3.42
5	J & J BANDY NOM PL J & J BANDY S/F A/C	3,000,000	2.21
6	GRECH ALEXANDER	2,965,624	2.18
7	RODSTROM MARK LEE	1,805,550	1.33
8	COMSEC NOM PL	1,737,000	1.28
9	WINDELL HLDGS PL THOMPSON INV A/C	1,700,000	1.25

## INDEPENDENT AUDIT REPORT

	Name	No. of Shares	%
10	IQBAL MOBEEN	1,600,000	1.18
11	CHEN LIJIAO	1,488,000	1.10
12	WINDELL HLDGS PL THOMPSON S/F A/C	1,465,000	1.08
13	TOOMEY MELVYN	1,397,500	1.03
14	NGUYEN HIEU HUU	1,300,000	0.96
15	SILKSHORE HLDGS PL BRAHAM S/F A/C	1,250,000	0.92
16	HE BO	1,211,250	0.89
17	VELLA DAVID	1,159,715	0.85
18	BONAVITA STEPHEN C	1,103,521	0.81
19	SHIMANO VENTURES LTD	1,086,494	0.80
20	MICHAEL RODOTHEOS	1,025,000	0.76
<b>Total</b>		<b>51,680,665</b>	<b>38.07%</b>