



PainChek Limited

ABN 21 146 035 127

2018 Annual Report

Corporate directory

Board of Directors

Mr John Murray	Non-Executive Chairman
Mr Philip Daffas	Managing Director
Mr Adam Davey	Non-Executive Director
Mr Ross Harricks	Non-Executive Director

Company Secretary

Mr Ian Hobson

Registered Office

Suite 5, 95 Hay Street
Subiaco, Western Australia 6008
Tel: +61 8 9388 8290
Fax: +61 8 9388 8256

Principal Place of Business

Suite 401, 35 Lime Street
Sydney NSW 2000

Postal Address

PO Box 226
Subiaco, Western Australia 6904

Website

Website: www.PainChek.com

Auditors

BDO Audit Pty Ltd

Share Registry

Boardroom Pty Ltd
Grosvenor Place
Level 12, 225 George Street
Sydney, NSW 2000
Tel: +61 2 9290 9600
Fax: +61 2 9290 9655

Stock Exchange

Australian Securities Exchange
20 Bridge Street
Sydney, NSW 2000

ASX Code

PCK

OUR 'WHY'



Our purpose is to
give a **voice** to people
who **cannot verbalise**
their pain



10 October 2018

PainChek Limited (**ASX: PCK**)
ABN 21 146 035 127
Suite 401, 35 Lime Street, Sydney, NSW, 2000
Registered Office: Suite 5, 95 Hay Street Subiaco WA 6008
info@paincheck.com

Dear Shareholders,

During the 2018 Financial Year, PainChek® has focused on commercialisation of the PainChek® Adult “Dementia” App for the enterprise health care market within Australia. We have done this in a cost effective way, with a small but highly effective “go to market” team, while we have validated our business model and the market opportunity. We have accelerated sales growth in the Residential Aged Care (“RAC”) sector in Australia over the past few months, and start the FY2018/19 with a strong sales pipeline in this sector. We have also agreed to integrate and distribute our App with two leading Australian clinical care software providers, which will expand our market reach. We have strong customer satisfaction levels, and this is reflected in our first contract renewal with Dementia Support Australia.

PainChek® needs to be considered like a Thermometer or Blood Pressure meter in that it can be used by multiple Health Care Professionals (“HCPs”) to assess and monitor pain levels. The PainChek® “Shared Care” model is exciting as it will take PainChek® into the home consumer environment through our established RAC network and with HCP support. We are now well poised for expansion both domestically and internationally during 2019.

We continue to invest in research and development and have expanded our inhouse technology capabilities. Development of our Infant App is progressing, and we remain excited about the prospects for this important new product.

The Managing Directors report which follows provides more detail on the initiatives undertaken during the year and the exciting plans we have going forward.

On behalf of the Board of Directors, I would like to thank all of our shareholders for continuing to support the Company.

Yours sincerely,



John Murray
Chairman

Managing Directors Report

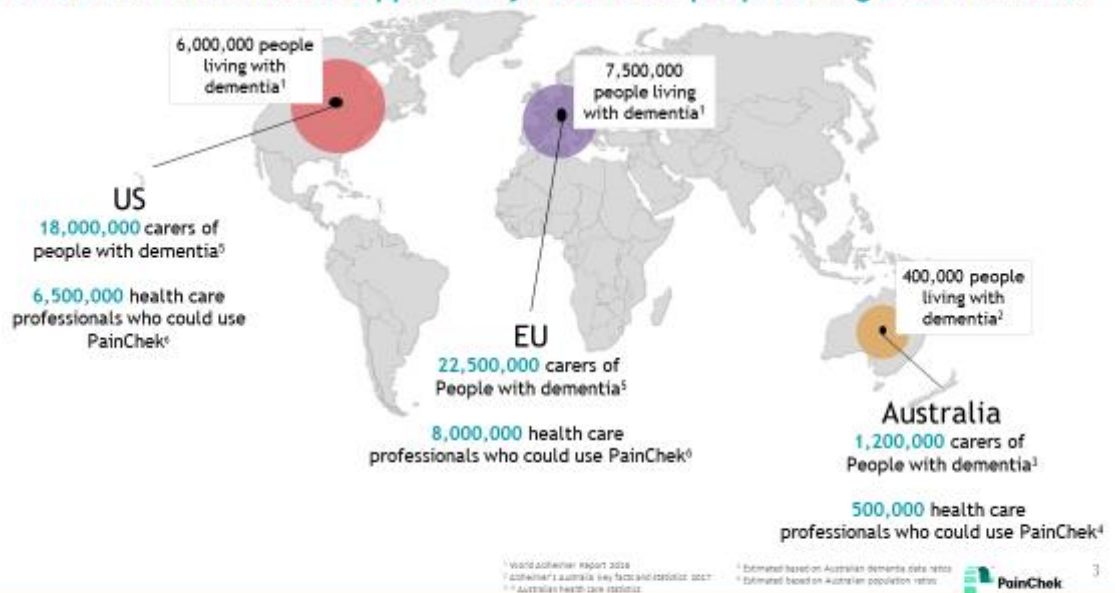
Review of operations

The PainChek® technology uses cameras in smartphones and tablets to capture a brief video of the person, which is analysed in real time using facial recognition software to detect the presence of facial micro- expressions that are indicative of the presence of pain. The initial PainChek® App has been TGA and CE mark cleared for use as a class 1 medical device to assess pain in people who are unable to verbalise.

Initial market Opportunity:

At a global level there are 50 Million people living with dementia with projections estimated to grow to 75 Million by 2025. It is estimated there are on average three carers for each person with dementia and it is the carers who are the primary users of the PainChek® App. Dementia is currently the second major cause of death globally (after cardiovascular disease) and is projected to become the leading cause of death during this period.

PainChek® Initial Market Opportunity - Carers of people living with Dementia



Pain often goes unrecognised and under-treated in people with advanced dementia who can no longer communicate that they are in pain. Currently available pain assessment tools can be subject to user bias and are generally paper-based, as a result they are under-utilized.

The Company has focused on commercialisation of the PainChek® Adult “Dementia” App within Australia and has built a small but highly effective “go to market” team comprised of experienced sales, marketing, clinical and technical personnel to drive the process. In Australia, there are 950 RAC operators who manage a total of 2,700 RAC’s with 210,000 resident beds. There are 400,000 people living with dementia in Australia of which 115,000 are within Residential Aged Care⁽¹⁾.

Business Model:

Typically, we license a RAC facility based on the total number of approved beds (licensed beds) for the facility, although on average we estimate approximately 50% of residents in a facility may be suffering from dementia at any time. The monthly Average Revenue per Licensed Bed (ARLB) across the RAC customers based on the agreements signed to date is \$5 per month, and the Average Revenue per Active Resident is in the range of \$10 per month based on actual resident usage.

We have conducted a significant number of customer trials, typically spanning a 4-6-week period, across large, medium and small sized Residential Aged Care (RAC) clients with the vast majority of them either resulting in a commercial agreement or moving forwards towards negotiating an agreement.

Australian Commercial results to date:

Summary of RAC agreements over time	No. of Customers	No. of RAC's	No. of Licensed Beds
Number signed up to 30 June 2018	5	5	338
Number signed in the 3 months ended 30 Sept	10	15	1165
Total	15	20	1503

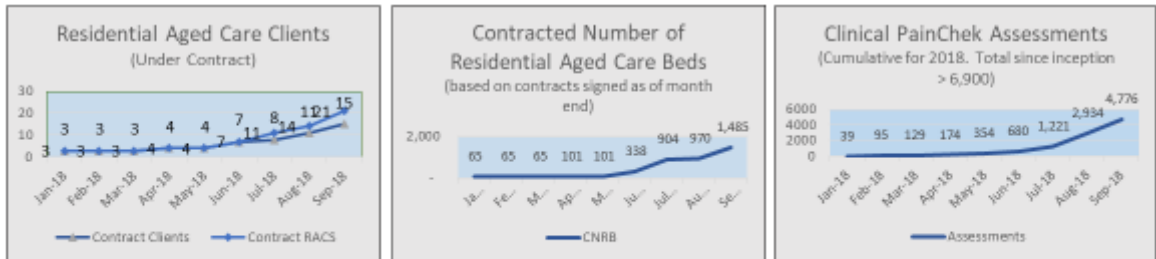
As of 30th June 2018, we had one-year subscription license agreements in place with 6 clients including 5 Residential Aged Care clients and Dementia Support Australia. In addition, more than 2,000 PainChek® clinical pain assessments had been conducted on more than 500 people living with dementia within Australia, thus establishing PainChek® as a new, valid pain assessment tool for people unable to verbalise their pain within the Australian Aged Care market.

As of 30th September 2018, we have a total of 16 clients covering 20 RAC’s and including Dementia Support Australia, with one-year subscription agreements in place, with a Monthly Recurring Revenue (MRR)⁽²⁾ of \$10,600 which equates to an Annualised Recurring Revenue (ARR) of \$127,000. We also have a large pipeline of opportunities which is summarised in the segment analysis below. In addition, more than 6,000 PainChek® clinical pain assessments have been conducted on more than 800 people living with dementia within Australia since market launch in November 2017, thus establishing PainChek® as a new, valid pain assessment tool for people unable to verbalise their pain within the Australian Aged Care market.

⁽¹⁾ Australian Government Dept of Health data at 30 June 2015

⁽²⁾ Monthly Recurring Revenue (MRR) includes subscription revenue on contracts of 12 months or longer and excludes one off fees for professional support and training. MRR and ARR are calculated on the basis of the total number of contracts signed as of specific month end date. As such, the MRR and ARR do not represent revenue recognised in the accounts for the period ending on that date.

PainChek® gaining strong market momentum



Currently engaged with trials and pre-contract negotiations with a significant number of Australian RAC providers

Revenue Model: The PainChek monthly Average Revenue per Licensed Bed (ARLB) across the RAC customers based on the agreements signed to date is \$5 per month, and the Average Revenue per Active Resident (ARAR) is in the range of \$10 per month based on actual resident usage.



Our Clients



Our Partners & Supporters

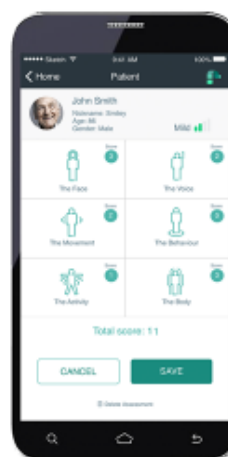


Customer feedback:

PainChek® has been shown to accurately and rapidly assess pain, which facilitates better pain management, leading to reduced pain related behavioural issues in those living with dementia. It is the focus on improving the quality of resident care that is driving the rapid adoption of PainChek® within Australian RAC's.

The PainChek® Dementia App

- **Automated facial pain analysis:**
 - 3 second video of patient face
 - recognises 9 micro-facial expressions that indicate pain
- **Digital questionnaire checklist:**
 - guide the carer in other pain assessment factors e.g. movement, vocalization
 - leading questions with Yes/No decisions
- **Automated pain assessment score:**
 - based on 42 test points
- **Documented electronically via cloud backend:**
 - pain trend line and monitoring of treatment
 - integrated into patient medical records



5



The feedback from our initial client base has provided revealing insights. It is clear that PainChek® provides carers across multiple clinical areas with three important new clinical benefits;

- the ability to identify the presence of pain, when pain isn't obvious
- to quantify the severity level of pain, when pain is obvious, and
- monitor the impact of pain treatment to optimise overall care.

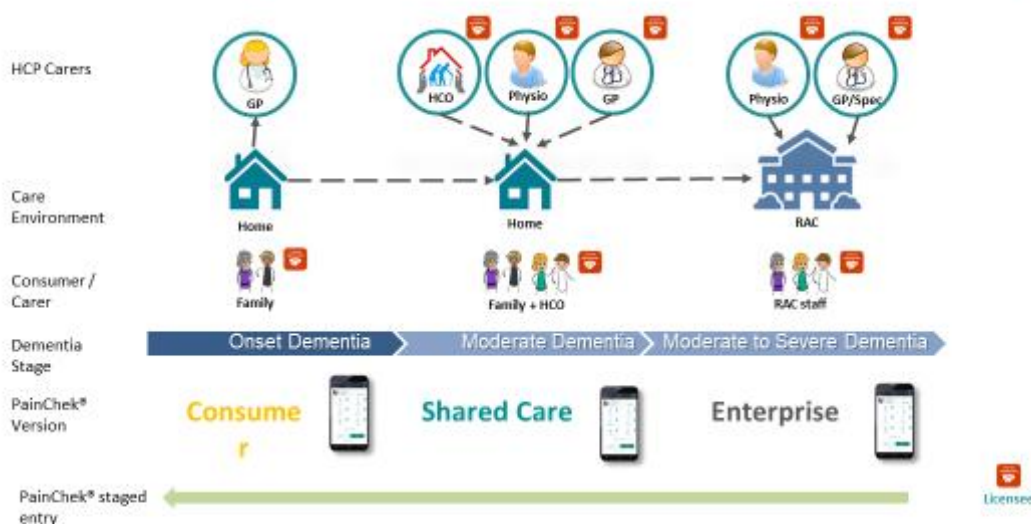
We are building on these positive learnings as we expand our reach in Australia and prepare to internationalise the business into larger markets commencing with Europe, where there are 7,500,000 people living with dementia, and selected Asia Pacific markets in 2019.

New Market Opportunities and New Product Pipeline:

The Company will continue with the commercialisation of the PainChek® technology in Australia and globally. We are receiving overseas interest including UK, Germany and US and Asia, which will support our international market strategy. We are currently working to complete a PainChek® pre-market submission for regulatory clearance with FDA in the United States.

The market segments being pursued by the Company include Residential Aged Care Operators, Health Care Professionals, Home Care Operators and Direct to Home Carers. In parallel, development of the next phase of Apps remains on track with the adult's consumer version scheduled for Q3 2018. This will be commercialised initially through a "shared care" model that allows healthcare professionals to provide access to PainChek® for home carer use.

PainChek® portfolio transcends the Dementia Journey



We are also making good progress on the development of the PainChek® App for Infants. The software development is on schedule, and we anticipate having a version ready for beta testing and validation studies by 30 September 2018. We are currently in discussions with groups in Melbourne and Sydney for the validation study, with the objective of having a partner signed for the study by October 2018. We have also completed the collection of our own video libraries to enable the machine learning for both face and voice analysis.

All national patent filings around the technology remain on track and we have received a registered trademark in Australia for the use of the PainChek® name and logo.

Australian Royal Commission into Aged Care:

September 2018 saw the Government announce a Royal Commission into Aged Care and call for input on the Terms of Reference. Painaustralia provided a submission drawing upon successive reviews which have recommended improved pain management in aged care. Painaustralia CEO Carol Bennett quoted ***“Given that 80% of residents in aged care live with pain, it seems reasonable to expect best practice pain management would be a requirement of government funding for aged care. This will continue to be a high priority for Painaustralia as the Royal Commission gets underway”***. PainChek® is working closely with our RAC clients, Painaustralia and the Government to support this initiative.

Third Party Software Providers:

Health Metrics (HM) integration: PainChek® Ltd and Health Metrics Pty Ltd have now completed the integration of the PainChek® App form into the eCase care management system. This work eliminates duplicate resident data entry in the Aged Care environment by automatically creating new eCase residents in PainChek®. The PainChek® assessments can be loaded into the eCase charting system for review and analysis purposes within the Aged Care setting. This feature is now available for production use by eCase clients.

Leecare Solutions (LS) Integration: We entered into an agreement with Leecare Solutions to integrate PainChek® into the Leecare care management system in October 2018. The integration is projected to be completed during Q4 2018.

PainChek® accurately assess pain severity at the point of care and now, combined with the backend integration, these assessments can be documented automatically into our clients care management system. The benefits to our clients include; eliminating the need for double handling of data or duplication of effort creating greater efficiencies and addressing quality standard requirements.

These two software integration agreements allow PainChek® to fully automate pain assessment testing for more than 100,000 approved places/beds (which is around 50% of the Australian Aged Care market) and gain access to international markets where our integration partners have overseas presence. This includes NZ, Singapore, UK and other European markets.

Key strategic objectives for the remainder of 2018 and into 2019

1. Continue to build sales and a sustainable and cost effective RAC business model

The local sales and business model continue to progress very positively within RAC setting. We will continue to grow sales within the Australian RAC market and build strong customer satisfaction levels. We have significantly increased the rate of sales take up within the RAC sector throughout 2018 and have a strong sales pipeline to continue sales growth in 2019. The business model will continue to evolve as we now have a good understanding of the sales cycle and the use of trials and on-line training to shorten the sales cycle, optimise training, and reduce the overall cost of sale. This will provide a base business model for overseas expansion.

2. Enter new market segments with the Adult App

We are now entering multiple market segments which have cross over and will expand our market potential beyond dementia care and aged care segments. PainChek® has a broad range of

applications, similar to a thermometer or blood pressure meter, in that it will be used by multiple Health Care Professionals to validate and revalidate pain levels - in many instances for the same person. The PainChek® “Shared Care” model is exciting as it will take PainChek® into the person living at home with dementia environment through our established RAC network and with Health Care Professional support.

3. Market introduction of the Children’s App

We are finalising the clinical trials for the Children’s App in Australia and preparing the regulatory and clinical documentation for market introduction in 2019 initially in Australia. The first version Children’s App will be targeted to the 0-1 years age group and will be rapidly followed by a second version covering the 1-3 years age group. The Children’s App has the potential to far exceed the adult (dementia) App market. There are 400 Million children aged between 0-3 years of age at any one time, a clear market needs and a strong consumer and family home carer market opportunity.

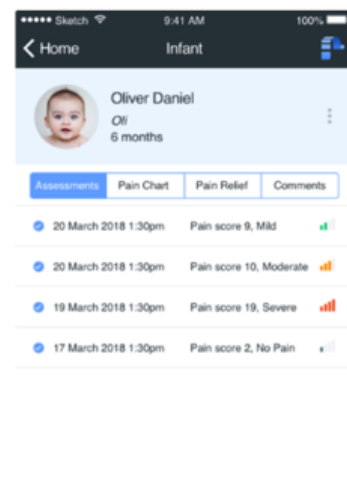
New Market Opportunity: pre-verbal children’s App

- Children’s App developed with facial recognition capability
- Clinical trial sites identified - in negotiation with major Australian children’s hospital
- Trials scheduled to commence Q4 2108
- Product launch scheduled for 2019



~ 130 million¹
Births per year in world
~ 1.25 million²
0-3 year olds in Australia
~ total of 400 million
0-3 year olds worldwide

¹ <http://www.ecology.com/birth-death-rates>
² ABS 2016



4. Internationalise the Business

The learnings in 2018 hold us in good stead to accelerate the business in Australia and more importantly to now enter into overseas markets where the large business opportunity exists for the company. It is our strategic intent to globalise the business and we have the management capability to do so.

We have established aged care and business contacts for the PainChek® dementia App in overseas markets including New Zealand, Singapore, UK, Europe and USA during 2018. We plan to enter into the UK and European markets in 2019 (with the CE Mark clearance) and other opportunistic markets including New Zealand and Singapore where there is strong interest in PainChek®. This will be achieved through a combination of setting up direct operations in key markets and through strategic partnership including working with our existing clients and 3rd party software providers who have overseas operations.

5. Regulatory Clearance in USA

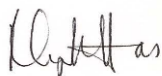
As part of the international expansion, we are now in communication with the FDA to complete the PainChek® adult App de-Novo pre-submission. This is projected to be completed by early 2019 in order to achieve FDA clearance and market introduction during 2020 and in doing so use the adult FDA clearance as a predicate device for the forthcoming Children's App FDA submission.

6. Continue to Build Internal Capability

The PainChek® team has already been strengthened in sales, marketing, clinical and technical areas during 2018. We will continue to build capability in all areas to reflect the business strategies and to achieve the local and overseas market expansion goals.

Summary:

PainChek® has evolved from a conceptual healthcare product to a market reality with strong sales and customer satisfaction in less than 2 years. This outstanding achievement has been accomplished with minimal investment. We are addressing large untapped global markets with a business model that is sustainable, low cost and scalable. In addition, we have the core technology, patents and trademarks to protect our unique position, a pipeline of new products and a team that can execute the global strategy.



Philip Daffas
Managing Director
October 2018

Annual Financial Report for the year ended 30 June 2018

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Directors' report

The directors of PainChek Limited formerly ePAT Technologies Limited ("PainChek" or "the Company") submit herewith the financial report of the Company and its subsidiary ("Group" or "Consolidated Entity") for the year ended 30 June 2018. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Names of Directors

The names of the directors of the Company during or since the end of the year are noted below. Directors were in office for the entire period unless otherwise stated:

Mr John Murray (appointed 30 September 2016) **LLB (Hons), CA, MAICD**

Mr Murray has 25 years' experience in private equity and venture capital and was a co-founder and Managing Partner of Technology Venture Partners; one of the original and leading venture capital firms in Australia. Mr Murray is a past chairman of the Australian Venture Capital Association. Mr Murray has considerable experience as an investor and a non-executive director of high growth, technology-based companies. He possesses a broad understanding of global trends in technology and its impact on a variety of industries. He was until recently Chairman of a private, residential aged care business in Australia. Mr Murray also brings 12 years' experience in executive roles in corporate banking, accounting and IT services industries.

Mr Murray has been on the Board of a number of successful technology rollouts and exits including online travel play Viator, which was acquired by TripAdvisor for approximately US\$200 million in 2014. He is a chartered accountant with an Honour degree in Law and is a member of the Australian Institute of Company Directors. Mr Murray has not been a director of an ASX listed company in the past 3 years.

Mr Philip Daffas (appointed 30 September 2016) **BSc, Dip EENG, MBA, GAICD**

Philip is a highly accomplished global business leader and people manager with an international career spanning more than 25 years with leading blue-chip healthcare corporates and novel technology start-up companies.

Philip has held senior global business leader positions in Europe, US and Australia. He has been instrumental in building businesses, growing market share and developing extensive high-level customer and industry relationships in each sector on a global basis.

Philip's earlier experience was gained in Europe with market leaders such as IVAC infusion systems and Shiley cardiopulmonary products. He subsequently joined Boehringer Mannheim, initially in the UK managing their diagnostics business and subsequently was promoted to a Global Marketing role in the Diabetes Care business based in Mannheim, Germany.

In 1997 Philip joined Cochlear in the UK as the European Sales and Marketing Manager and subsequently was promoted in 2000 to the VP Global Marketing role based in Sydney, Australia

Other roles in Australia have included General Manager with Roche Diagnostics, Managing Director at Bio-Rad Laboratories and CEO of Applied Physiology, an Australian software start up company in the intensive care monitoring sector.

Graduated in the UK with a BSc and Diploma in Electronic Engineering, Philip also has an MBA and is a Graduate of the Australian Institute of Company Directors (GAICD). Mr Daffas has not been a director of an ASX listed company in the past 3 years.

Mr Ross Harricks (appointed 30 September 2016) **BE, MBA**

Mr Harricks' experience in the commercialisation of medical products spans over forty years and over three continents. His experience includes the marketing and commercialising of the computed technology scanner (CT or CAT scanner) in Australia, where he headed up the EMI Electronics Group as

General Manager. His remit included developing EMI's medical business in this region.

In 1983, Mr Harricks joined the Nucleus Group and became President the Nucleus Group subsidiaries in United States in marketing medical equipment and scientific and engineering computing products.

In 1989, Mr Harricks was the CEO of a venture capital-backed start-up company developing specialist scientific and medical lasers.

Mr Harricks has been a director of ResMed Limited and cofounder of AtCor Medical where he completed an Australian initial public offering in 2005 leading the company until 2009. Otherwise, Mr Harricks has not been a director of an ASX listed company in the past 3 years.

Mr Harricks works with Australian medical and technology companies assisting in commercialisation of their products into the US and EU markets. His unique expertise and experience includes strategic advising on the best path to early market endorsement and on providing hands-on help with implementation in the American and European markets.

Mr Adam Davey (appointed 30 September 2016)

Mr Davey's expertise spans over 25 years and includes capital raising (both private and public), mergers and acquisition, ASX listings, asset sales and purchases, transaction due diligence and director duties. Mr Davey is a Director of Wealth Management at Patersons Securities. Mr Davey has been involved in significantly growing businesses in both the industrial and mining sector. This has been achieved through holding various roles within different organisations, including chairman, managing director, non-executive director, major shareholder and corporate adviser to the board.

Mr Davey is a non-executive director of Ensurance Limited and Ausnet Financial Services Ltd. Otherwise, Mr Davey has not been a director of an ASX listed company in the past 3 years.

Company Secretary (appointed 30 September 2016) B.BUS FCA ACIS MAICD

Mr Ian Hobson was appointed to the positions of Company Secretary and Chief Financial Officer on 30 September 2016.

A Fellow Chartered Accountant and Chartered Secretary, Mr Hobson has more than 30 years' experience in the areas of corporate finance, governance, corporate accounting, company secretarial and restructuring advice. Mr Hobson was a director of PricewaterhouseCoopers and Ferrier Hodgson Chartered Accountants before specializing in providing company secretarial and corporate accounting services to listed entities. Mr Hobson is a Director of Castle Minerals Limited.

OPERATIONS REPORT

Principal Activities

The principal activity of the Company is the development and commercialisation of mobile medical device applications, that automate intelligent pain assessment of individuals who are unable to communicate their pain with carers.

Financial and operational review

The loss of the Group for the year ended 30 June 2018, after accounting for income tax benefit, amounted to \$4,810,532 (2017: \$8,473,802). The year ended 30 June 2018 operating results are attributed to the following:

- Expensing license acquisition and fees of \$1,709,510 (non-cash \$1,312,500) (30 June 2017: \$Nil);
- Research & Development expense of \$1,699,292 (30 June 2017: \$821,427);
- Share based payments in respect of options issued to Directors and employees of \$345,172 (non-cash) (30 June 2017: \$ 2,220,842);
- Corporate and administration expenses of \$1,198,311 (30 June 2017: \$962,971); and
- Corporate restructure cost (non-cash) of \$Nil following the acquisition (30 June 2017: \$4,574,424).

In addition, the statement of financial position as at 30 June 2018 was impacted by:

- A share placement of 75,000,000 shares to raise \$3,750,000; and
- Proceeds from the exercise of 18,500,000 options which raised \$370,000.

Review of operations

The PainChek® technology uses cameras in smartphones and tablets to capture a brief video of the person, which is analysed in real time using facial recognition software to detect the presence of facial micro- expressions that are indicative of the presence of pain. The PainChek® technology has been TGA and CE mark cleared for use as a class 1 medical device to assess pain in people who are unable to verbalise.

The Company has focused on commercialisation of the PainChek® Adult “Dementia” App within Australia and has built a small but highly effective “go to market” team comprised of experienced sales, marketing, clinical and technical personnel to drive the process. We have conducted a significant number of customer trials, typically spanning a 4-6-week period, across large, medium and small sized Residential Aged Care (RAC) clients with the vast majority of them either resulting in a commercial agreement or moving forwards towards negotiating an agreement.

As of 30th June 2018, we had one-year subscription license agreements in place with 6 Residential Aged Care clients and Dementia Support Australia and a large pipeline of new commercial opportunities which represents around 9% of the total beds in Australian Residential Aged Care. In addition, more than 2,000 PainChek® clinical pain assessments had been conducted on more than 500 people living with dementia within Australia, thus establishing PainChek® as a new, valid pain assessment tool for people unable to verbalise their pain within the Australian Aged Care market.

Likely Developments and Overview of Group Strategy

The Company will continue with the commercialisation of the PainChek® technology in Australia and globally. We are receiving overseas interest including UK, Germany and US and Asia, which will support our international market strategy. We are currently working to complete a PainChek® pre-market submission for regulatory clearance with FDA in the United States.

The market segments being pursued by the Company include Residential Aged Care Operators, Health Care Professionals, Home Care Operators and Direct to Home Carers. In parallel, development of the next phase of Apps remains on track with the adult's consumer version scheduled for Q3 2018. This will be commercialised initially through a "shared care" model that allows healthcare professionals to provide access to PainChek® for home carer use.

We are also making good progress on the development of the PainChek® App for Infants. The software development is on schedule, and we anticipate having a version ready for beta testing and validation studies by 30 September 2018. We are currently in discussions with groups in Melbourne and Sydney for the validation study, with the objective of having a partner signed for the study by October 2018. We have also completed the collection of our own video libraries to enable the machine learning for both face and voice analysis.

All national patent filings around the technology remain on track and we have received a registered trademark in Australia for the use of the PainChek® name and logo.

Subsequent events

No matters or circumstances have arisen since the end of the year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

REMUNERATION REPORT (AUDITED)**Remuneration Policy**

The remuneration policy of **the Group** has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of **the Company** believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Directors to run and manage the Company, as well as create goal congruence between Directors and shareholders.

The Board's policy for determining the nature and amount of remuneration for board members is as follows:

- The remuneration policy, setting the terms and conditions for the executive Directors and other senior staff members, was developed and approved by the Board.
- In determining competitive remuneration rates, the Board considers local and international trends among comparative companies and the industry generally so that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.

Performance Based Remuneration

The Company is a technology development entity and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, Directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. Options, equity-based performance incentives and cash bonus' have been and may be further issued to provide a performance-linked incentive component in the remuneration package for the Directors and for the future performance by the Directors and key management personnel in managing the operations and strategic direction of the Company. All remuneration paid to Directors is valued at the cost to the Company and expensed. Options are valued using an appropriate valuation methodology. For details of Directors' and executives' interests in options and performance rights at year end, refer to section (d) of this remuneration report.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to align the strategic goals of the Company to create value for shareholders, Directors and executives. The Company believes the policy has been effective in aligning the interests of the Company's key management personnel with the interests of its shareholders. For details of Directors' and executives' interests in equity securities at year end, refer to section (c) of this remuneration report.

	2014 (formerly MinQuest Limited)	2015 (formerly MinQuest Limited)	2016 (formerly MinQuest Limited)	2017 (formerly ePAT Technologies Limited)	2018
Share price at 30 June	\$0.02	\$0.02	\$0.01	\$0.025	\$0.056
Loss for the year (continuing and discontinued operations)	(\$792,267)	(\$1,703,733)	(\$5,047,449)	(\$8,473,802)	(\$4,810,532)
Loss for the year (continuing operations)	(\$792,267)	(\$911,349)	(\$1,680,796)	(\$8,473,802)	(\$4,810,532)
EPS for the year (continuing and discontinued operations)	(2.9) cents	(2.4) cents	(2.1) cents	(1.63) cents	(0.6) cents
EPS for the year (continuing operations)	(2.9) cents	(1.3) cents	(0.7) cents	(1.63) cents	(0.6) cents

Performance Income as a Proportion of total compensation

In December 2017, a discretionary performance based bonus totaling \$25,000 plus superannuation was paid to Mr Philip Daffas, the Company's managing director for services rendered for the year ended 30 September 2017. A further discretionary performance bonus of \$40,000 including superannuation has been agreed to be paid to Mr Daffas for the 9 months ended 30 June 2018. As this is discretionary and not predetermined, there is no non-vesting proportion for cash bonuses.

Remuneration Policy of Key Management Personnel

The objective of the Company's executive reward framework is set to attract and retain the most qualified and experienced Directors and senior executives. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness
- Acceptability to shareholders
- Performance linkage
- Capital management

Non-executive Directors

The Board's policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting and is currently set at \$250,000. Fees for non-executive Directors are not linked to the performance of the Company.

As at 30 June 2018, Non-Executive Directors fees were payable as follows:

- Non-Executive Chairman receives a fee of \$80,000 per annum including superannuation.
- Non-Executive Directors receive a fee of \$40,000 per annum including superannuation.

Directors' Fees

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for reasonable out of pocket expenses incurred as a result of their Directorship or any special duties.

Service Agreements

Philip Daffas, Managing Director (appointed 30 September 2016)

The Company entered into an Executive Services Agreement ("Agreement") with Mr Philip Daffas pursuant to which Mr Daffas was appointed as Managing Director of the Company as at 30 September 2016. The key terms of the Agreement are:

- A salary of \$225,000 per annum inclusive of superannuation plus any bonus at the boards discretion;
- Options equivalent to 5% of the Company's fully diluted securities on issue at the time of the acquisition of Electronic Pain Assessment Technologies (EPAT) Pty Ltd.

The Agreement may be terminated by either party at any time on the giving of not less than three (3) months' notice in writing.

Ian Hobson, Company Secretary and Chief Financial Officer (appointed 30 September 2016)

The Company entered into a Consultancy Agreement ("Agreement") with Churchill Services Pty Ltd pursuant to which Mr Hobson was engaged to provide Company Secretarial and Chief Financial Officer services to the Company effective from 30 September 2016. Churchill Services Pty Ltd is to receive \$200

per hour, exclusive of GST, for services provided by Mr Hobson. The agreement may be terminated by either party at any time with no notice period.

Retirement Benefits

Other retirement benefits may be provided directly by the Company if approved by shareholders. However, no retirement benefits other than statutory superannuation are currently paid.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

(a) Details of Key Management Personnel

Directors

Mr John Murray	Non-Executive Chairman
Mr Philip Daffas	Managing Director
Mr Adam Davey	Non-Executive Director
Mr Ross Harricks	Non-Executive Director

Other Key Management Personnel

Ian Hobson	Chief Financial Officer and Company Secretary
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Except as detailed in Notes (b) – (d) to the Remuneration Report, no key management personnel have received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company or a related body corporate with key management personnel, a firm of which a member of key management personnel is a member or an entity in which a member of key management has a substantial financial interest.

(b) Compensation of Key Management Personnel

Remuneration Policy

The Board of Directors, comprising a majority of Non-Executive Directors, is responsible for determining and reviewing compensation arrangements for the key management personnel. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team. Remuneration of Directors is set out below.

The value of remuneration received, or receivable, by key management personnel for the financial year to 30 June 2018 is as follows:

2018	Primary		Equity Compensation		Post-employment	Performance related %	
	Base Salary and Fees \$	Bonus \$	Value of Options (d) \$	Shares (d) \$	Superannuation Contributions \$	Total \$	
Directors							
John Murray ⁽¹⁾	73,059	-	65,695	-	6,941	145,695	45%
Philip Daffas ⁽²⁾	205,479	61,530	109,492	-	25,366	401,867	43%
Ross Harricks ⁽⁴⁾	36,530	-	32,848	-	3,470	72,848	45%
Adam Davey ⁽³⁾	40,000	-	32,848	-	-	72,848	45%
Total Directors	355,068	61,530	240,883	-	35,777	693,258	
Ian Hobson ⁽⁹⁾	122,006	-	-	-	-	122,006	0%
Total	477,074	61,530	240,883	-	35,777	815,264	

2017	Primary		Equity Compensation		Post-employment	Performance related %	
	Base Salary and Fees \$	Bonus \$	Value of Options (d) \$	Shares (d) \$	Superannuation Contributions \$	Total \$	
Directors							
John Murray ⁽¹⁾	54,795	-	600,539	-	5,205	660,539	67%
Philip Daffas ⁽²⁾	126,712	-	1,000,898	-	12,038	1,139,648	65%
Ross Harricks ⁽⁴⁾	27,397	-	300,269	-	2,603	330,269	67%
Paul Niardone ⁽⁶⁾	7,500	-	-	-	-	7,500	-
Frank Terranova ⁽⁷⁾	15,000	-	-	-	-	15,000	-
Jeremy Read ⁽⁵⁾	154,006	-	-	-	5,938	159,944	-
Adam Davey ⁽³⁾	37,500	-	300,269	-	-	337,769	66%
Total Directors	422,910	-	2,201,975	-	25,784	2,650,669	-
Stephen Kelly ⁽⁸⁾	105,000	-	-	49,500	-	154,500	-
Ian Hobson ⁽⁹⁾	80,119	-	-	-	-	80,119	-
Total	608,029	-	2,201,975	49,500	25,784	2,885,288	56%

Notes:

- (1) Appointed Non-Executive Chairman on 30 September 2016.
- (2) Appointed Managing Director on 30 September 2016.
- (3) Appointed Non-Executive Director 30 September 2014.
- (4) Appointed Non-Executive Director 30 September 2016.
- (5) Appointed Managing Director on 30 September 2014, resigned 30 September 2016.
- (6) Appointed Non-Executive Director 12 November 2014, appointed Non-Executive Chairman 2 September 2016, resigned 30 September 2016.
- (7) Resigned as Non-executive Chairman 2 September 2016
- (8) Appointed Company Secretary and Chief Financial Officer 1 June 2015, resigned 7 October 2016.
- (9) Appointed Company Secretary and Chief Financial Officer 30 September 2016.

(c) Shares Held by Key Management Personnel

2018	Balance at 1 July 2017	Bought & (Sold)	Share Consolidation	Shares issued in lieu of cash*	Other ⁺	Balance at 30 June 2018
Directors						
John Murray	-	-	-	-	-	-
Philip Daffas	-	-	-	-	-	-
Ross Harricks	-	-	-	-	-	-
Adam Davey	3,540,764	-	-	-	-	3,540,764
	3,540,764					3,540,764
Other key management personnel						
Ian Hobson	-	-	-	-	-	-
	3,540,764					3,540,764

2017	Balance at 1 July 2016	Bought & (Sold)	Share Consolidation	Shares issued in lieu of cash*	Other ⁺	Balance at 30 June 2017
Directors						
John Murray [#]	-	-	-	-	-	-
Philip Daffas [#]	-	-	-	-	-	-
Ross Harricks [#]	-	-	-	-	-	-
Jeremy Read [#]	12,592,434	-	(5,396,756)	-	(7,195,678)	-
Adam Davey	6,196,336	-	(2,655,572)	-	-	3,540,764
Paul Niardone [#]	13,687,903	-	(5,866,243)	-	(7,821,660)	-
Frank Terranova [#]	-	-	-	-	-	-
	32,476,673	-	(13,918,571)	-	(15,017,338)	3,540,764
Other key management personnel						
Stephen Kelly [#]	1,966,667	-	(844,870)	2,475,000*	(3,596,827)	-
Ian Hobson [#]	-	-	-	-	-	-
	34,443,340	-	(14,763,441)	2,475,000	(18,614,165)	3,540,764

⁺ On Appointment/ Resignation

[#] Director / Key Management Personnel was appointed and / or resigned during the financial year ended 30 June 2017. Refer notes (1) to (9) to the Remuneration Table.

* Shares were issued to settle existing liabilities. These shares were issued on an arm's length basis.

(d) Options Held by Key Management Personnel

2018	Balance at 1 July 2017	Received as Remuneration	Exercise of Options	Other ⁺	Balance at 30 June 2018	Total Vested	Total Exercisable
Directors							
John Murray	24,599,497	-	-	-	24,599,497	16,399,665	16,399,665
Philip Daffas	40,999,162	-	-	-	40,999,162	27,332,775	27,332,775
Ross Harricks	12,299,748	-	-	-	12,299,748	8,199,832	8,199,832
Adam Davey	12,299,748	-	-	-	12,299,748	8,199,832	8,199,832
	90,198,155	-	-	-	90,198,155	60,132,104	60,132,104
Other key management personnel							
Ian Hobson	-	-	-	-	-	-	-
	90,198,155	-	-	-	90,198,155	60,132,104	60,132,104

(d) Options Held by Key Management Personnel

2017	Balance at 1 July 2016	Received as Remuneration	Exercise of Options	Other ⁺	Balance at 30 June 2017	Total Vested	Total Exercisable
Directors							
John Murray [#]	-	24,599,497	-	-	24,599,497	-	-
Philip Daffas [#]	-	40,999,162	-	-	40,999,162	-	-
Ross Harricks [#]	-	12,299,748	-	-	12,299,748	-	-
Jeremy Read [#]	-	-	-	-	-	-	-
Adam Davey [#]	-	12,299,748	-	-	12,299,748	-	-
Paul Niardone [#]	-	-	-	-	-	-	-
Frank Terranova [#]	-	-	-	-	-	-	-
	-	90,198,155	-	-	90,198,155	-	-
Other key management personnel							
Stephen Kelly [#]	1,076,667	-	-	(1,076,667)	-	-	-
Ian Hobson	-	-	-	-	-	-	-
	1,076,667	90,198,155	-	(1,076,667)	90,198,155	-	-

⁺ On Appointment/ Resignation/ Granted in conjunction with capital raising.

[#] Director / Key Management Personnel was appointed and / or resigned during the financial year ended 30 June 2017. Refer notes (1) to (9) to the Remuneration Table.

Share and Option Holdings

All equity dealings with Directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

(e) Compensation Options

During and since the financial year ended 30 June 2018, nil options were granted by the Company to Directors or Key Management Personnel (2017: 90,198,155).

(f) Short term employee benefits

These amounts include director and consulting fees paid to non-executive directors as well as salary and paid leave benefits awarded to executive directors.

(g) Post-employment benefits

These amounts are superannuation contributions made during the year.

On 30 September 2016, the following personnel were appointed directors of the Company (excluding Mr Davey who remained a director) and entered into letters of appointment on the following key terms:

Name	Position	Cash Remuneration inclusive of superannuation	Notice period / termination provisions	Options equivalent to % of fully diluted shares on issue
Mr John Murray	Non- Executive Chairman	\$80,000	Nil	3%
Mr Adam Davey	Non-Executive Director	\$40,000	Nil	1.5%
Mr Ross Harricks	Non-Executive Director	\$40,000	Nil	1.5%
Mr Philip Daffas	Managing Director	\$225,000	3 months	5%

At the annual general meeting held on 23 November 2016, shareholders approved the issue of the following options exercisable at 2 cents per share and expiring on 24 November 2019 and vesting on certain conditions:

Name	Position	Unlisted options allotted 19 December 2016
Mr John Murray	Non- Executive Chairman	24,599,497
Mr Adam Davey	Non-Executive Director	12,299,748
Mr Ross Harricks	Non-Executive Director	12,299,748
Mr Philip Daffas	Managing Director	40,999,162
	Total	90,198,155

The options issued to directors are to vest as follows:

- i. One third after one year of service (as approved at the 2016 Annual General Meeting, no performance condition is attached to this tranche of options).
- ii. One third after the Company makes an announcement that Regulatory Approval to enable commercial use of the PainChek App in Australia, the United States or Europe is received, or the Company has announced the execution of a binding licence agreement to licence the PainChek App to:
 - a. one or more residential aged care facilities facility owners managing in total in excess of 150 beds; or
 - b. one or more medical clinics which service in total in excess of 2,000 patients per year; or
 - c. a metropolitan hospital with in excess of 200 beds; (each an "End User");
 - d. or a global distribution partner with multiple End Users as existing customers.
- iii. One third upon the Company generating cumulative revenue of \$1,000,000.

The options issued to directors were expensed as follows:

	Number of options	Value per option at grant date	% Vested	Vesting Date	Value \$	Expensed 30 June 2017	Expensed 30 June 2018
Tranche 1	30,066,052	\$0.037	100%	30 Sept 2017	814,286	573,404	240,882
Tranche 2	30,066,052	\$0.037	100%	19 July 2017	814,286	814,286	-
Tranche 3	30,066,052	\$0.037	0%	Performance based	814,286	814,286	-
Total	90,198,155				2,442,857	2,201,975	240,882

End of Remuneration Report

ENVIRONMENTAL REGULATIONS AND PROCEEDINGS

The Group's operations are not subject to any significant environmental regulations where it operates.

MEETINGS OF DIRECTORS

The number of Directors' meetings held during the financial year each director held office and the number of meetings attended by each director are:

Director	Directors Meetings	
	Meetings Attended	Number Eligible to Attend
John Murray	12	12
Philip Daffas	12	12
Ross Harricks	12	12
Adam Davey	12	12

The full Board currently fulfils the duties of the Remuneration Committee and the Audit Committee.

OPTIONS

At the date of this report, the following options over new ordinary shares in the Company were on issue.

Type	Date of Expiry	Exercise Price	Number under Option
Unlisted Options	7 October 2019	\$0.025	45,000,000
Unlisted Options	7 October 2019	\$0.02	34,000,000
Unlisted Options	24 November 2019	\$0.02	90,198,155
Unlisted Options	3 October 2021	\$0.36	5,000,000
Unlisted Options	22 July 2022	\$0.726	3,000,000

No ordinary shares were issued as a result of the exercise of options during or since the financial year ended 30 June 2018.

EQUITY HOLDINGS

The relevant interests of each director in the Company's share capital, options and performance rights at the date of this report are as follows:

Directors	Number of Shares	Number of Options
John Murray	-	24,599,497
Adam Davey	3,540,764	12,299,748
Philip Daffas	-	40,999,162
Ross Harricks	-	12,299,748
Total	3,540,764	90,198,155

INSURANCE OF OFFICERS

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. The company has not insured against or indemnified its auditor.

PROCEEDINGS ON BEHALF OF THE GROUP

The Group is not aware that any person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings in which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Details of the amounts paid or payable to the auditor, BDO Audit Pty Ltd for audit services provided during the year are set out in note 21 to the financial report.

Non-audit services	2018	2017
	\$	\$
<i>BDO Audit Pty Ltd</i>		
Tax advice services	-	-
Tax compliance services	-	8,450
Investigating Accountant Report for Prospectus	-	5,500
Total remuneration for non-audit services	-	13,950

Auditor's independence declaration

The auditor's independence declaration is included on page 18 of this report.

Signed in accordance with a resolution of directors.



John Murray
Chairman

27 August 2018, Sydney, NSW

Auditor's independence declaration



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DECLARATION OF INDEPENDENCE BY C R JENKINS TO DIRECTORS OF PAINCHEK LIMITED

As lead auditor of PainChek Limited for the year ended 30 June 2018, 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 PainChek Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read 'C R Jenkins', written over a horizontal line.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 27 August 2018

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2018

		Consolidated	Consolidated
		30 June 2018	30 June 2017
	Note	\$	\$
Continuing operations			
Revenue	3	50,647	31,116
Other income	4	410,014	74,446
Research and development expenses		(1,699,292)	(821,427)
Marketing and business development expenses		(318,907)	-
Corporate administration expenses	5	(1,198,311)	(962,671)
License expenses	5	(1,709,510)	-
Corporate restructure expenses	19	-	(4,574,424)
Share based payment expenses	14	(345,172)	(2,220,842)
Loss before income tax		(4,810,532)	(8,473,802)
Income tax benefit	6	-	-
Loss for the period attributable to Owners of PainChek Limited		(4,810,532)	(8,473,802)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive loss for the period		(4,810,532)	(8,473,802)
Loss and total comprehensive loss attributable to:			
Owners of PainChek Limited		(4,810,532)	(8,473,802)
Loss per share:			
Basic and diluted (cents per share)	7	(0.6)	(1.63)

Notes to the financial statements are included on pages 20 to 43.

Consolidated statement of financial position as at 30 June 2018

		Consolidated 30 June 2018	Consolidated 30 June 2017
	Note	\$	\$
Current assets			
Cash and cash equivalents	18	3,606,115	2,630,019
Trade and other receivables	8	62,098	57,233
Total current assets		3,668,213	2,687,252
Non-current assets			
Property, plant and equipment	9	4,384	2,544
Total non-current assets		4,384	2,544
Total assets		3,672,597	2,689,796
Current liabilities			
Trade and other payables	10	415,914	191,503
Provisions	11	31,980	15,729
Total current liabilities		447,894	207,233
Total liabilities		447,894	207,233
Net assets		3,224,703	2,482,563
Equity			
Issued capital	13	13,710,033	8,502,533
Reserves	14	3,088,014	2,742,842
Accumulated losses		(13,573,344)	(8,762,812)
Total equity		3,224,703	2,482,563

Notes to the financial statements are included on pages 20 to 43.

Consolidated statement of changes in equity for the year ended 30 June 2018

<u>Company</u>	Note	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2016		357,143	-	(289,010)	68,133
Loss for the period		-	-	(8,473,802)	(8,473,802)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period				(8,473,802)	(8,473,802)
Issue of ordinary shares (refer to note 13)		9,174,569	-	-	9,174,569
Share issue costs (refer to note 13)		(1,078,679)	-	-	(1,078,679)
Recognition of share based payments		49,500	2,742,842	-	2,792,342
Balance at 30 June 2017		8,502,533	2,742,842	(8,762,812)	2,482,563
<u>Consolidated</u>					
Balance at 1 July 2017		8,502,533	2,742,842	(8,762,812)	2,482,563
Loss for the period		-	-	(4,810,532)	(4,810,532)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period				(4,810,532)	(4,810,532)
Issue of ordinary shares (refer to note 13)		3,750,000	-	-	3,750,000
Issue of ordinary shares on conversion of options (refer to note 13)		370,000	-	-	370,000
Share issue costs (refer to note 13)		(225,000)	-	-	(225,000)
Recognition of share based payments (refer to note 13)		1,312,500	345,172	-	1,657,672
Balance at 30 June 2018		13,710,033	3,088,014	(13,573,344)	3,224,703

Notes to the financial statements are included on pages 20 to 43.

Consolidated statement of cash flows for the year ended 30 June 2018

	Note	Consolidated	
		Year ended	
		30 June 2018	30 June 2017
		\$	\$
Cash flows from operating activities			
Receipts from customers		32,842	-
Payments to suppliers and employees		(3,382,079)	(1,658,002)
Interest received		26,191	26,707
Rebates and grants received		410,014	53,416
Net cash used in operating activities		(2,913,032)	(1,577,879)
Cash flows from investing activities			
Cash from acquisition of subsidiary		-	18,277
Payments for property, plant and equipment		(5,872)	-
Net cash provided by investing activities		(5,872)	18,277
Cash flows from financing activities			
Proceeds from issue of shares		4,120,000	4,732,493
(Payment) of share issue costs		(225,000)	(617,951)
Net cash (used in)/provided by financing activities		3,895,000	4,114,543
Net increase / (decrease) in cash and cash equivalents		976,096	2,554,940
Cash and cash equivalents at the beginning of the period		2,630,019	75,079
Cash and cash equivalents at the end of the period		3,606,115	2,630,019

Notes to the financial statements are included on pages 20 to 43.

Notes to the financial statements for the year ended 30 June 2018

1. Significant accounting policies

Basis of preparation

PainChek Ltd (formerly known as EPAT Technologies Ltd), (the “Group”) is a listed public company, incorporated and domiciled in Australia. The entity’s principal activities are development and commercialization of mobile medical device applications that provide pain assessment for individuals that are unable to communicate with their carers.

The financial report is presented in Australian dollars.

The financial report is a general purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial information has been prepared on the accruals basis and is based on historical costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets.

Statement of Compliance

The financial report was authorised for issue on 27 August 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (“AIFRS”). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (“IFRS”).

Adoption of New and Revised Standards

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations on issue not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the Group. The Group’s assessment of the impact of these new standards and interpretations is set out below.

Title of standard	AASB 9 <i>Financial Instruments</i>
Nature of change	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 July 2018: The financial assets held by the Group primarily comprise cash and debt instruments currently measured at amortised cost which meet the conditions for

	<p>classification at amortised cost under AASB 9.</p> <p>Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets.</p> <p>There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> and have not been changed.</p> <p>The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 <i>Revenue from Contracts with Customers</i>, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects no significant increase in the loss allowance for trade debtors.</p> <p>The new standard also introduces expanded disclosure requirements and changes in presentation. These may change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.</p>
Date of adoption by Group	Must be applied for financial years commencing on or after 1 July 2018. The Group will apply the new rules retrospectively from 1 July 2018, with the practical expedients permitted under the standard.
Title of standard	AASB 15 <i>Revenue from Contracts with Customers</i>
Nature of change	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.</p> <p>The standard permits either a full retrospective or a modified retrospective approach for the adoption.</p>
Impact	<p>Management has assessed the effects of applying the new standard on the group's financial statements and has not identified any areas that will be affected.</p> <p>The application of AASB 15 may result in the identification of separate performance obligations in relation to certain contracts which could affect the timing of the recognition of revenue going forward.</p> <p>In the early stages of this business, revenue is not significant and the impact from this change is not material.</p>
Date of adoption by Group	Mandatory for financial years commencing on or after 1 July 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in retained earnings as of 1 July 2018 and that comparatives will not be restated.

Title of standard	AASB 16 Leases
Nature of change	<p>AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.</p> <p>The accounting for lessors will not significantly change.</p>
Impact	<p>The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has no non-cancellable operating lease commitments. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.</p>
Mandatory application date/Date of adoption by Group	<p>Mandatory for financial years commencing on or after 1 July 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will likely not restate comparative amounts for the year prior to first adoption.</p>

Comparatives - Reverse acquisition

PainChek Ltd (formerly ePAT Technologies Limited) acquired Electronic Pain Assessment Technologies (EPAT) Pty Ltd on 23 September 2016. From a legal and taxation perspective PainChek is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB3 "Business Combinations" (AASB 3) notwithstanding PainChek Limited being the legal parent of the Group. At the time of the acquisition PainChek Ltd divested all of its operations, and its activities were limited to managing its cash balances, filing obligations (ie, a listed shell), and completion of the acquisition. It is therefore considered that PainChek Ltd will not be a business for the purposes of AASB3 as it will have no processes or outputs.

The transaction has therefore been accounted for as a reverse acquisition from a consolidated perspective, where Electronic Pain Assessment Technologies (EPAT) Pty Ltd is the accounting acquirer and PainChek Ltd is the legal acquirer. The comparatives in the financial report includes the consolidated financial statements of the PainChek Limited group for the period 23 September 2016 to 30 June 2017 and represents a continuation of Electronic Pain Assessment Technologies (EPAT) Pty Ltd financial statements with exception of the capital structure. The amount recognised as equity instruments in these consolidated statements represents the issued equity of PainChek Limited adjusted to reflect the equity issued by PainChek Ltd on acquisition. Refer to note 13 on issued capital and note 19 on the accounting for the acquisition.

Under the reverse acquisition principles, the consideration provided by Electronic Pain Assessment Technologies (EPAT) Pty Ltd was determined to be \$4,422,069 which is the deemed fair value of the 222,103,433 shares owned by the former ePAT Technologies Limited / MinQuest Limited shareholders at the completion of the acquisition, valued at the capital raising share price.

The excess of the deemed fair value of the shares owned by the PainChek Limited (formerly ePAT Technologies Limited / MinQuest Limited) shareholders and the fair value of the identifiable net liabilities of PainChek Limited immediately prior to the completion of the merger is accounted for under "AASB 2 "Share-based Payment" and resulted in the recognition of \$4,574,424 being recorded as "Corporate Restructure Expense". The net assets of PainChek Limited were recorded at fair value at completion of the merger. No adjustments were required to the historical values.

Going concern basis

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

As disclosed in the financial statements, the consolidated entity has net operating cash outflows for the year of \$2,913,032 (30 June 2017: \$1,577,879) and as at 30 June 2018 has cash and cash equivalents of \$3,606,115 (30 June 2017: \$2,630,019). The consolidated entity also generated a loss after tax of \$4,810,532 (30 June 2017: \$8,473,802).

The ability of the consolidated entity to continue as a going concern is principally dependent upon one or more of the following conditions:

- the ability of the consolidated entity to raise sufficient capital and when necessary; and
- the successful commercialisation of its intellectual property in a manner that generates sufficient operating cash inflows.

These conditions give rise to material uncertainty which may cast significant doubt over the consolidated entity's ability to continue as a going concern. The directors believe that the going concern basis of preparation is appropriate due to its recent history of raising capital and the significant progress made on exploiting its intellectual property.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

Significant accounting policies of the Company

Set out below are the significant accounting policies that have been applied in the preparation of the consolidated financial statements:

(a) Revenue and other income

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

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

Grants and other revenue is recognised when it is received or when the right to receive payment is established.

(b) Principals of Consolidation

The consolidated financial statements comprise the financial statements of all subsidiaries of the Company and the results of all subsidiaries from the date that control was obtained. The Company controls another entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is fully transferred. They are deconsolidated from the date control ceases.

The financial statement of the subsidiary is prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest without a loss of control is accounted for as an equity transaction.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the financial statements. Losses incurred by the consolidated entity are attributed to the non-controlling interests in full, even if that results in a deficit balance.

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

(c) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(d) **Impairment of Assets**

The Group assesses at each balance date whether there is an indication that an asset may be impaired.

If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot

exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(e) Share-based Payment Transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a suitable option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant recipient of the equity becomes fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(f) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments 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.

For the purpose of the Statement of Cash Flows, cash includes on hand and other funds held at call net of bank overdrafts.

(g) 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. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(h) Plant and equipment

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Plant and equipment	Less than 5 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

(i) Trade and other payables

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

(j) Employee benefits*Short-term employee benefits*

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

(k) Issued capital

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

(l) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Group, adjusted to exclude any costs of servicing equity, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for:

- costs of servicing equity;
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(m) Comparative Figures

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

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(n) Significant accounting judgements and key estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these statements, the key estimates made by management in applying the Company's accounting policies have been applied to the valuation of share-based payments, refer to note 14.

In preparing these financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty have been applied to the reverse acquisition, refer to note 19.

(o) **Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period**

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Consolidated Entity do not have any material impact on the disclosures or the amounts recognised in the Company's financial statements.

2. Segment information

Operating segments are presented using the 'management approach', where information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers (CODM). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Group operates predominantly in one segment, being the sale of its pain assessment solutions. The primary financial statements reflects this segment.

3. Revenue

	Consolidated	Consolidated
	2018	2017
	\$	\$
Revenue from ordinary activities	24,420	-
Interest income	26,227	31,116
Total Revenue	50,647	31,116

4. Other income

	Consolidated	Consolidated
	2018	2017
	\$	\$
Research & Development Rebates	410,014	53,416
Grants Received	-	20,000
Miscellaneous	-	1,030
Total Other Income	410,014	74,446

5. Loss for the year

Loss for the year has been arrived at after charging the following items of expenses:

Corporate administration expenses

	Consolidated 2018	Consolidated 2017
	\$	\$
Company secretary fees	122,006	140,119
Directors remuneration	411,757	306,755
Legal and professional fees	81,247	33,102
Share registry fees	27,897	14,147
Insurance expenses	30,555	9,811
Occupancy costs	14,017	68,715
Computer expenses	59,430	33,792
Other administration expenses	451,402	356,230
	1,198,311	962,671

The Group acquired the nViso Licence for a total cost of \$1,709,510. As at the date of acquisition, the recognition criteria for recognising an intangible asset could not be met and the amount was expensed. The cost of this licence includes:

- Issuance of 31,250,000 shares for a cost of \$1,312,500 (refer Note 13);
- \$300,000 on signing of the licence agreement;
- \$92,500 deferred cash consideration; and
- Transaction costs of \$4,510.

6. Income taxes relating to continuing operations

6.1 Income tax recognised in profit or loss

	Consolidated 2018	Consolidated 2017
	\$	\$
Current tax expense/(income)	(1,336,159)	(517,449)
Deferred tax expense/(income)	478,110	36,103
Tax losses not recognised	858,049	481,346
Total Tax expense/(income)	-	-

The income tax expense for the year can be reconciled to the accounting loss as follows:

	Consolidated 2018	Consolidated 2017
	\$	\$
Loss before tax from continuing operations	(4,810,532)	(8,473,802)
Income tax expense/(revenue) calculated at 27.5% (2017: 30%)	(1,322,896)	(2,542,141)
Effect of items that are not assessable/deductible in determining taxable loss:		
Non-deductible expenses	577,601	2,076,820
Non-assessable income	(112,754)	(16,025)
Effect of unused tax losses not recognised as deferred tax assets	858,049	481,346
	-	-

The tax rate used for the 2018 was 27.5% and 2017 was 30% to calculate the reconciliations above being the corporate tax rate payable by Australian corporate entities on taxable profits under Australian tax law in those years.

The Company has no franking credits available for recovery in future years.

	Consolidated 2018	Consolidated 2017
	\$	\$
6.2 Income tax recognised directly in equity		
Current tax		
Share issue costs	(225,000)	(1,639,753)
Deferred tax		
Share issue costs deductible over 5 years	-	-
	(225,000)	(1,639,753)
	Consolidated 2018	Consolidated 2017
	\$	\$
6.3 Unrecognised deferred tax assets		
Unused tax losses (revenue) for which no deferred tax assets have been recognised	2,410,949	6,634,926
Temporary differences	104,569	37,854

All unused tax losses were incurred by Australian entities.

This benefit for tax losses will only be obtained if the specific entity carrying forward the tax losses derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and the Group complies with continuity of business / same business test and the conditions for deductibility imposed by tax legislation.

7. Loss per share

	Consolidated 2018	Consolidated 2017
	\$	\$
Basic and diluted loss per share (cents per share)	(0.6)	(1.63)

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	Consolidated 2018	Consolidated 2017
	\$	\$
Loss for the year attributable to the owners of the Company	(4,810,532)	(8,473,802)
	Consolidated 2018	Consolidated 2017
	No.	No.
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	800,935,009	519,348,367

Options on issue are considered to be anti-dilutive while the entity is making losses.

8. Trade and other receivables

	Consolidated 2018	Consolidated 2017
	\$	\$
Other receivables	56,086	44,961
Prepayments	6,012	12,272
	62,098	57,233

At the reporting date, none of the receivables are past due.

9. Property, plant and equipment

	Consolidated	Consolidated
	2018	2017
	\$	\$
Carrying amounts of		
Computer Equipment – at cost	4,384	2,544
Cost		
	Consolidated	Consolidated
	2018	2017
	\$	\$
Balance at 1 July 2017	2,694	-
Additions	3,280	2,694
Disposals	-	-
Balance at 30 June 2018	5,974	2,694
Accumulated depreciation		
	Consolidated	Consolidated
	2018	2017
	\$	\$
Balance at 1 July 2017	150	-
Depreciation expense	1,440	(150)
Disposals	-	-
Balance at 30 June 2018	1,590	(150)
Net book value	4,384	2,544

10. Trade and other payables

	Consolidated	Consolidated
	2018	2017
	\$	\$
Trade creditors	286,969	148,004
Revenue received in advance	7,410	-
Accruals and other payables	121,535	43,500
	415,914	191,504

Trade creditor payment terms are 30 days from end of month.

11. Provisions

	Consolidated	Company
	2018	2017
	\$	\$
Provision for employee entitlements	31,980	15,729

12. Subsidiaries

The consolidated financial statements include the financial statements of PainChek Limited and its subsidiary company Electronic Pain Assessment Technologies (EPAT) Pty Ltd.

13. Issued capital

	Consolidated 2018	Consolidated 2017
	\$	\$
Fully paid Ordinary shares	13,710,033	8,502,533

	Consolidated 2018		Consolidated 2017	
	No.	\$	No.	\$
Balance at beginning of the reporting period	674,423,049	8,502,533	1,000,001	357,143
Merger of PainChek Limited and Electronic Pain Assessment Technologies (EPAT) Pty Ltd				
Elimination of existing Electronic Pain Assessment Technologies (EPAT) Pty Ltd shares			(1,000,001)	-
Existing PainChek Ltd shares on acquisition			222,103,433	4,442,069
Issue of PainChek Ltd milestone shares from the acquisition	38,461,538	-	213,219,616	-
Issued pursuant to capital raising	75,000,000	3,750,000	236,625,000	4,732,500
Issued for part consideration of nViso licence	31,250,000	1,312,500		
Issued on conversion of options	18,500,000	370,000		
Issued in lieu of remuneration	-	-	2,475,000	49,500
Capital raising costs	-	(225,000)	-	(1,078,679)
Balance at end of period	837,634,587	13,710,033	674,423,049	8,502,533

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in the proceeds on winding up of the Company in proportion to the number of shares held.

14. Reserves

	Consolidated 2018	Consolidated 2017
	\$	\$
Option reserve:		
Balance at beginning of the reporting period	2,742,842	-
Issue of 45,000,000 Underwriter options	-	522,000
Issue of 90,198,155 Director options	240,882	2,201,975
Issue of 5,000,000 Employee options	71,658	18,867
Issue of 3,000,000 Employee options	32,632	-
Total reserves at end of period	3,088,014	2,742,842

The purpose of this reserve is to recognise share-based payments.

Options issued during the period:

Options	Consolidated 2018		Consolidated 2017	
	No.	\$	No.	\$
Balance at beginning of the reporting period	197,096,302	2,742,842	-	-
Existing PainChek Limited shares on acquisition	-	-	50,535,179	-
Expiry of existing options during period	-	-	(46,137,032)	-
Issue of options on conversion of convertible notes	-	-	52,500,000	-
Issue of options to underwriters	-	-	45,000,000	522,000
Issue of director options	-	240,882	90,198,155	2,201,975
Issue of options to employees	3,000,000	104,290	5,000,000	18,867
Exercise of options	(18,500,000)	-	-	-
Balance at end of period	178,167,730	3,088,014	197,096,302	2,742,842

14.1 Share-based payments

Options on Issue

At the date of this report, the following options over new ordinary shares in the Company were on issue.

Option series	Type	Date of Expiry	Exercise Price	Number under Option
1	Unlisted Options	7 October 2019	\$0.025	45,000,000
2	Unlisted Options	7 October 2019	\$0.02	34,000,000
3	Unlisted Options	24 November 2019	\$0.02	90,198,155
4	Unlisted Options	3 October 2021	\$0.36	5,000,000
5	Unlisted Options	22 July 2022	\$0.726	3,000,000

The following share-based payment arrangements were in existence during and prior reporting periods:

Option series	Number	Grant date	Total Value at Grant Date	Recognised as expense to 30 June 2018	Exercise Price	Expiry date	Vesting date
			\$	\$	\$		
1	45,000,000	7 October 2016	522,000	-	0.025	7 October 2019	7 October 2016
2	90,198,155	23 November 2016	2,442,857	240,882	0.02	24 November 2019	Various
3	5,000,000	5 April 2017	138,925	71,658	0.036	3 October 2021	Various
4	3,000,000	22 January 2018	130,361	32,632	0.0726	22 July 2022	Various

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

1) Underwriter options

45,000,000 options were granted to the Underwriter pursuant to the Prospectus dated 25 August 2016. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%)	100%
Risk free interest rate (%)	1.54%
Expected life of option (years)	3.03
Expected dividend yield	nil
Exercise price per terms and conditions	\$0.025
Underlying security price at grant date	\$0.020
Expiry date	7 October 2019
Value per option	\$0.0116

2) Director options

90,198,155 options were granted to the Directors as approved by shareholders at the annual general meeting on 23 November 2016. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%)	100%
Risk free interest rate (%)	1.54%
Expected life of option (years)	3.003
Expected dividend yield	Nil
Exercise price per terms and conditions	\$0.020
Underlying security price at grant date	\$0.037
Expiry date	24 November 2019
Value per option	\$0.0271

The options issued to directors are to vest as follows:

1. One third after one year of service.
2. One third after the Company makes an announcement that Regulatory Approval to enable commercial use of the PainChek App in Australia, the United States or Europe is received, or the Company has announced the execution of a binding licence agreement to licence the PainChek App to:
 - a. one or more residential aged care facilities facility owners managing in total in excess of 150 beds; or
 - b. one or more medical clinics which service in total in excess of 2,000 patients per year; or
 - c. a metropolitan hospital with in excess of 200 beds; (each an "End User");
 - d. or a global distribution partner with multiple End Users as existing customers.
3. One third upon the Company generating cumulative revenue of \$1,000,000.

3) Employee options

5,000,000 options were granted to an employee on 5 April 2017. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%)	100%
Risk free interest rate (%)	1.95%
Expected life of option (years)	4.5
Expected dividend yield	Nil
Exercise price per terms and conditions	\$0.036
Underlying security price at grant date	\$0.038
Expiry date	3 October 2021
Value per option	\$0.0278

4) Employee options

3,000,000 options were granted to an employee on 22 January 2018. The fair value of the options at grant date are determined using a Black Scholes pricing method that takes into account the exercise price, the term of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%)	100%
Risk free interest rate (%)	1.95%
Expected life of option (years)	4.5
Expected dividend yield	Nil
Exercise price per terms and conditions	\$0.0726
Underlying security price at grant date	\$0.062
Expiry date	22 July 2022
Value per option	\$0.0434

25 % of the options issued to the employees vest after 12 months employment and balance in quarterly instalments over the next 3 years, subject to continued full time employment (i.e. Fully vested after 4.5 years employment).

14.2 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2018		2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No.	\$	No.	\$
Balance at beginning of the year	197,096,302	0.022	-	-
Existing PainChek Limited shares on acquisition			50,535,179	
Granted during the year	3,000,000	0.0726	192,698,155	0.0206
Forfeited during the year	-	-	-	-
Exercised during the year	(18,500,000)	0.020	-	-
Expired during the year	(3,428,572)	0.07875	46,137,032	0.07875
Balance at end of year	178,167,730	0.0225	197,096,302	0.022
Exercisable at end of year	141,351,678	0.0217	101,898,147	0.024

Share options exercised during the year

18,500,000 share options were exercised during the year (2017: nil).

Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of \$0.0226 and a weighted average remaining contractual life of 523 days (2017: 853).

15. Financial instruments

15.1 Capital management

The Group manages its capital to ensure entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2017.

The Group is not subject to any externally imposed capital requirements.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements.

15.2 Categories of financial instruments

	Consolidated	Consolidated
	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents	3,606,115	2,630,019
Trade and other receivables	62,098	57,233
	3,668,213	2,687,252
Financial liabilities		
Trade and other payables	415,914	191,503
	415,914	191,503

The fair value of the above financial instruments approximates their carrying values.

15.3 Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

15.4 Market risk

Market risk for the Group arises from the use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see 15.5 below).

15.5 Interest rate risk management

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end on the reporting period.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end on the reporting period.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2018 would increase/decrease by \$36,000 (2017: \$26,300).

15.6 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

15.7 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established 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 by maintaining adequate banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Contractual cash flows

	Carrying Amount	Less than 1 month	1-3 months	3-12 months	1 year to 5 years	Total contractual cash flows
	\$	\$	\$	\$	\$	\$
2018						
Trade and other payables	415,914	415,914	-	-	-	415,914
2017						
Trade and other payables	191,503	191,503	-	-	-	191,503

16. Key management personnel

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

	Consolidated 2018 \$	Consolidated 2017 \$
Short-term employee benefits	538,604	491,362
Post-employment benefits	35,777	21,825
Share-based payments	240,883	2,251,475
	815,264	2,764,662

17. Related party transactions**17.1 Entities under the control of the Group**

On 23 September 2016 the Company completed the 100% acquisition of Electronic Pain Assessment Technology (EPAT) Pty Ltd. Refer to note 19 for further information.

17.2 Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to the remuneration report contained in the directors' report and note 14.

17.3 Other related party transactions

All transactions between the Group and related parties are on an arms-length basis.

18. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	Consolidated 2018	Consolidated 2017
	\$	\$
Cash and bank balances	3,606,115	2,630,019

18.1 Reconciliation of loss for the year to net cash flows from operating activities

	Consolidated 2018	Consolidated 2017
	\$	\$
Cash flow from operating activities		
Loss for the year	(4,810,532)	(8,473,802)
Adjustments for:		
License – issue of securities	1,312,500	
Depreciation	4,032	150
Share based payments	409,094	2,220,842
Corporate restructure expense	-	4,574,424
Movements in working capital		
(Increase)/decrease in other receivables	(33,126)	17,844
(Increase)/decrease in prepayments	6,260	(12,272)
Increase/(decrease) in trade and other payables	246,411	82,413
Increase in provisions	16,251	12,522
Net cash outflows from operating activities	(2,913,033)	(1,577,879)

Non-Cash Financing and Investing Activities

Options were issued to underwriters as part of capital raising costs. See note 14.1.

19. Business Combination – Reverse acquisition (comparatives)**Subsidiary acquired**

On 25 July 2016 the Company executed a share purchase agreement for the acquisition of one hundred percent of the issued capital of Electronic Pain Assessment Technologies (EPAT) Pty Ltd.

The consideration for this acquisition was made up as follows:

- (i) 213,219,616 shares to be issued at completion; and
- (ii) \$1,000,000 worth of shares to be issued if the Company announces that either of the following milestones have been met within 12 months from the date of completion of the acquisition:
 - (A) Regulatory approval having been received to enable commercial use of the PainChek App in Australia, the United States of America or Europe. (In this context, "Regulatory Approval" means approval by the Therapeutic Goods Administration of Australia, Food and Drug Administration of the United States, or a CE mark from the relevant authority in Europe); or
 - (B) the execution of a binding licence agreement to licence the PainChek App to:
 - one or more residential aged care facility owners managing in total in excess of 150 beds;
 - one or more medical clinics which service in total in excess of 2,000 patients per year;
 - a metropolitan hospital with in excess of 200 beds;
 (each an "End User") or
 - a global distribution partner with multiple End Users as existing customers.

From a legal and taxation perspective PainChek Ltd is considered the acquiring entity. However, the acquisition has the features of a reverse acquisition as described in the Australian Accounting Standard AASB 3 "Business Combinations" notwithstanding PainChek Ltd being the legal parent of the Group. The transaction has been accounted for as a reverse acquisition from a consolidated perspective, where Electronic Pain Assessment Technologies (EPAT) Pty Ltd is the accounting acquirer and PainChek Limited is the legal acquirer.

The excess of the fair value of the shares owned by the PainChek Ltd shareholders and the fair value of the identifiable net assets of PainChek Ltd immediately prior to the completion of the merger is accounted for under "AASB 2 "Share –based Payment" and resulted in the recognition of \$4,574,424 being recorded as "Corporate Restructure Expense". The net assets of PainChek Ltd were recorded at fair value at completion of the merger. No adjustments were required to the historical values.

	PainChek Limited
Assets acquired and liabilities of PainChek Limited assumed at the date of acquisition	\$
Current assets	
Cash and cash equivalents	18,277
Trade receivables	12,025
Total assets	30,302
Current liabilities	
Trade and other payables	134,406
Provisions	28,251
Total liabilities	162,657
Net liabilities acquired	(132,355)

The fair values of the assets acquired and the liabilities assumed approximate their carrying value. The initial accounting for the acquisition of PainChek Ltd (the legal acquirer) has been determined at the end of the reporting period.

Corporate restructure expense on acquisition	
Fair value of notional shares issued to affect the transaction	4,442,069
Less fair value of identifiable net liabilities acquired - PainChek Ltd	(132,355)
Corporate restructure expense	4,574,424

From the date of acquisition (ie 23 September 2016) to 30 June 2017, PainChek Ltd generated \$31,620 in revenue and \$3,019,147 in losses.

20. Commitments and contingencies

As per the Research Services Agreement with Curtin University of Technology, dated 29th July 2016, the Company has agreed to Fees, payable in equal monthly instalments in accordance with a payment schedule. The remaining commitment is \$128,467 is due in less than 12 months.

21. Remuneration of auditors

Auditor of the parent entity

	Consolidated 2018	Consolidated 2017
	\$	\$
Audit or review of the financial statements	34,275	60,041
Other non-audit services	-	13,950
	34,275	73,991

The auditors of PainChek Ltd are BDO Audit Pty Ltd.

22. Events after the reporting period

No matters or circumstances have arisen since the end of the year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

23. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the 2018 financial information shown below, are the same as those applied in the financial statements. Refer to note 3 for a summary of significant accounting policies relating to the Group.

Financial position of PainChek Limited (Legal Parent)

	2018	2017
	\$	\$
Assets		
Current assets	3,615,662	2,635,744
Non-current assets	4,384	2,543
Total assets	3,620,046	2,638,287
Liabilities		
Current liabilities	206,307	94,654
Provisions	31,980	15,729
Non-current liabilities	-	-
Total liabilities	238,287	110,383
Net assets	3,381,759	2,527,904
Equity		
Issued capital	22,464,739	17,257,239
Reserves	3,127,026	2,781,854
Accumulated losses	(22,210,006)	(17,511,189)
Total equity	3,381,759	2,527,904
<i>Financial performance</i>		
Loss for the year	(4,698,817)	(8,226,147)

24. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 27 August 2018.

DIRECTORS DECLARATION

1. The Directors of the Company declare that:
 - a. the accompanying financial statements and notes 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 2018 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

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



John Murray
Chairman
27 August 2018

INDEPENDENT AUDITOR'S REPORT

To the members of PainChek Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of PainChek Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 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 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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Purchase of nViso license

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 5 (Loss for the year) and Note 13 (Issued capital) of the financial report, the Group entered into a licence agreement for the use of certain artificial intelligence technology. The consideration amount comprised the following:</p> <ul style="list-style-type: none"> • 31,250,000 fully paid ordinary shares; • \$300,000 in cash on signing the agreement; and • \$92,500 in deferred cash consideration. <p>The audit of the accounting for this licence is a key audit matter due to the:</p> <ul style="list-style-type: none"> • Significant judgement involved in assessing whether the recognition criteria for intangible assets were not met and why the licence was expensed; • Measurement of the share based payment and deferred cash elements of the consideration; • The transaction is material in the context of the audit and significant to the financial statements; and • The presentation, measurement and disclosures around this transaction are important in the users' understanding of the financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing the licence agreement to understand the key terms and conditions, and confirming our understanding of the transaction with management; • Reviewing the basis for the accounting treatment adopted by management which included confirming that the recognition criteria for intangible assets were not met; • Reviewing the measurement of the share based payment and deferred cash elements of the consideration; and • Assessing the adequacy of the Group's disclosures of the acquisition.

Other information

The directors are responsible for the other information. The other information comprises the information contained in Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Group's annual report, which is expected to be made available to us after that date.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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

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 5 to 12 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of PainChek Limited, for the year ended 30 June 2018, 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 Pty Ltd

A handwritten signature in black ink, appearing to read 'C R Jenkins', is written over a faint, larger version of the same signature. Above the signature, the number '370' is handwritten.

C R Jenkins
Director

Brisbane, 27 August 2018

Additional Shareholder Information

The following additional information is current as at 4 October 2018.

CORPORATE GOVERNANCE:

The Company's Corporate Governance Statement is available on the company's website at www.painchek.com/corporate-governance

SUBSTANTIAL SHAREHOLDER:

Holder Name	Holding	% IC
Mr Russell David Stewart & Mr Lennard Anthony Lefroy <The Investment Unit A/C>	101,894,666	12.16%
Peters Investments Pty Ltd	60,000,000	7.16%

Ordinary Shares:

Holdings Ranges	Holders	Total Units	%
1-1,000	35	6,740	0.001
1,001-5,000	6	16,963	0.002
5,001-10,000	219	1,583,309	0.189
10,001-100,000	614	28,339,087	3.382
100,001-9,999,999,999	522	807,938,490	96.426
Totals	1,396	837,884,589	100.000

There are 225 shareholders with less than a marketable parcel.

VOTING RIGHTS

Each fully paid ordinary share carries voting rights of one vote per share.

THE TOP 20 HOLDERS OF ORDINARY SHARES ARE:

Name/Address 1	Balance as at 03-10-2018	%
MR RUSSELL DAVID STEWART & MR LENNARD ANTHONY LEFROY <THE INVESTMENT UNIT A/C>	101,894,666	12.161%
PETERS INVESTMENTS PTY LTD	60,000,000	7.161%
J & E CONSULTING PTY LTD	37,003,125	4.416%
KRESHNIK HOTI	37,003,125	4.416%
MUSTAFA ABDUL WAHED ATEE	37,003,125	4.416%
NVISO SA	31,250,000	3.730%
J P MORGAN NOMINEES AUSTRALIA LIMITED	17,878,361	2.134%
THORNBURY NOMINEES PTY LTD <THE STEVENS FAMILY S/F A/C>	14,643,903	1.748%
J & TW DEKKER PTY LTD <J & TW DEKKER FAMILY A/C>	13,973,348	1.668%
MR ROBERT ANTHONY HEALY	12,857,143	1.534%
G & G CHILCOTT PTY LTD <G & G CHILCOTT S/F A/C>	12,122,811	1.447%
MR ROBERT ANTHONY HEALY	11,599,652	1.384%
MR RODNEY JAMES WELLSTEAD <GOLD TREE A/C>	10,511,697	1.255%
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	10,111,059	1.207%
PETERS INVESTMENTS PTY LTD	9,348,141	1.116%
MR JOHN BETAR	9,300,000	1.110%
GRAZIAN PTY LTD <THE IAN MURIE SUPER FUND A/C>	8,623,328	1.029%
DEV NOMINEES PTY LTD <DE VRIES SUPERANNUATION A/C>	8,000,000	0.955%
HUSIF NOMINEES PTY LTD	7,615,131	0.909%
REDEGE ENTERPRISES PTY LTD <STEWART FAMILY A/C>	7,411,011	0.884%
Total Securities of Top 20 Holdings	458,149,626	54.679%
Total of Securities	837,884,589	

UNQUOTED EQUITY SECURITIES

Number	Number of Holders	Class	Escrow Period	Holders of more than 20%
254,156,156	11	Ordinary shares	19 October 2018	Mr Russell David Stewart & Mr Lennard Anthony Lefroy <The Investment Unit A/C> (86,323,266 shares)
33,750,000	35	Options exercisable at \$0.02 expiring 7 October 2019		Nil
45,000,000	19	Options exercisable at \$0.025 expiring 7 October 2019	7 October 2018	Mr Peter Russell (9,000,000)
90,198,155	4	Options exercisable at \$0.02 expiring 24 November 2019		Philip Daffas (40,999,162) Nanjop Pty Ltd (24,599,497)
5,000,000	1	Options exercisable at \$0.036 expiring of 3 October 2021		Issued pursuant to ESOP
3,000,000	1	Options exercisable at \$0.0726 expiring of 22 July 2022		Issued pursuant to ESOP

Use of Funds

The entity has used the cash and assets in a form readily convertible into cash at the time of listing in a way that is consistent with its business objectives.

There is no current share buy-back.