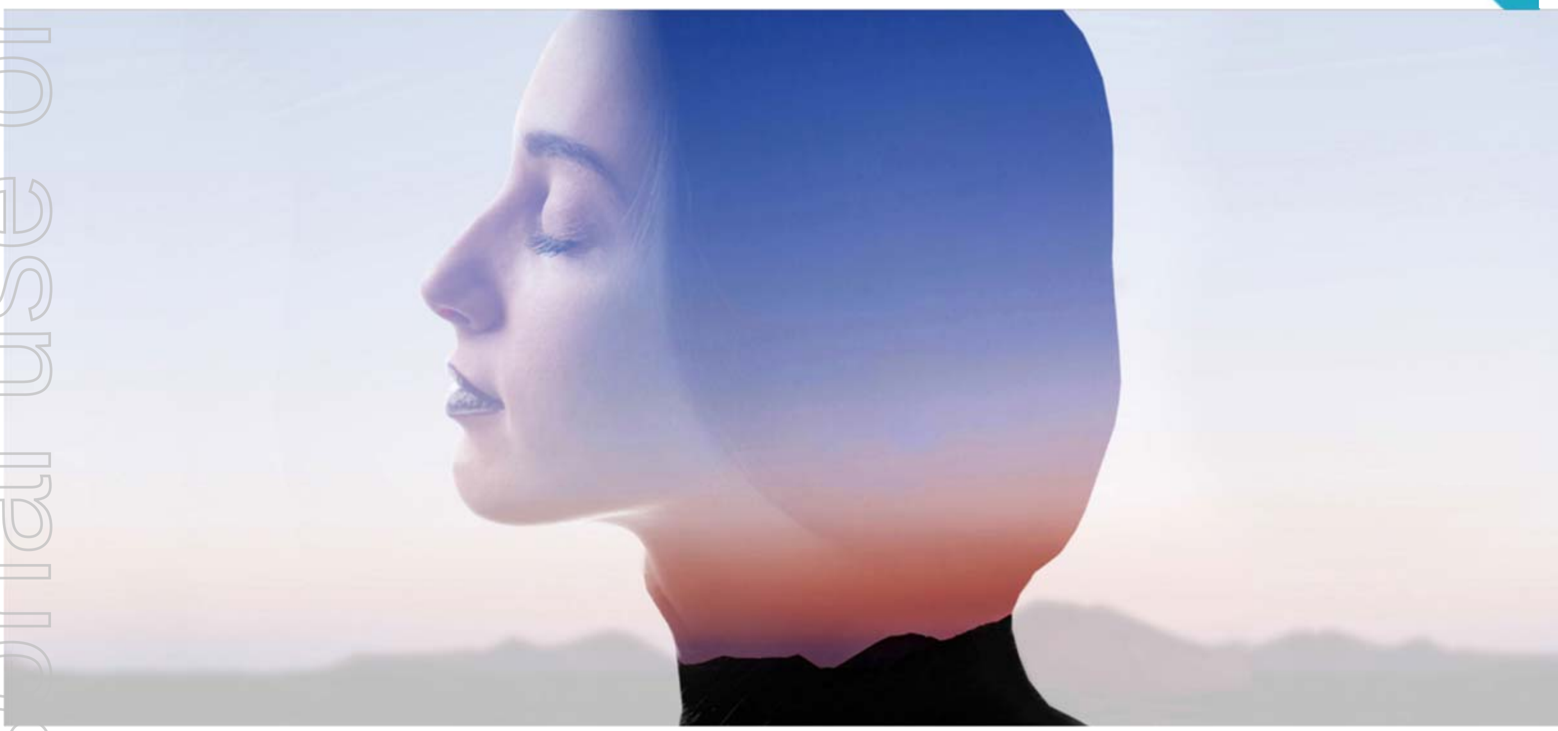
TOTAL BRAIN



ANNUAL REPORT

Year Ended 30 June 2019

1. Company details

Name of entity:	Total Brain Limited (previously known as Brain Resource Limited)
ABN:	24 094 069 682
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	0.5%	to	2,602,137
Loss from ordinary activities after tax attributable to the owners of Total Brain Limited	down	62.9%	to	(8,570,754)
Loss for the year attributable to the owners of Total Brain Limited	down	62.9%	to	(8,570,754)

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

Comments
The loss for the Group after providing for income tax amounted to $8,570,754 (30 June 2018: $23,101,340).

Further information on the 'Review of operations' is detailed in the Operating and Financial Review which is part of the Annual Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.68	1.34

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

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

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

7. Dividend reinvestment plans

Not applicable.

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8. Foreign entities

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

Not applicable.

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9. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued. The auditor's report contains a paragraph addressing material uncertainty related to going concern.

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10. Attachments

Details of attachments (if any):

The Annual Report of Total Brain Limited for the year ended 30 June 2019 is attached.

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11. Signed

Dr E Gordon

Signed ______________________________ Date: 30 August 2019

Dr Evian Gordon
Chairman
Sydney

Directors	Dr Evian Gordon (Executive Chairman) Mr Louis Gagnon (Managing Director) Mr Matthew Morgan (Non-Executive Director) Mr Ajay Arora (Non-Executive Director) Mr David Torrible (Non-Executive Director)
Company secretary	Mr Harvey Bui Mr Phillip Hains
Registered office	15 Belvoir Street Surry Hills NSW 2010 Telephone: +61 2 9213 6666 Email: ir@totalbrain.com
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: +61 2 9290 9600 Email: enquiries@boardroomlimited.com.au
Auditor	Grant Thornton Level 18, 145 Ann Street Brisbane QLD 4001
Stock exchange listing	Total Brain Limited shares are listed on the Australian Securities Exchange (ASX code: TTB) and has American Depository Receipts quoted on the OTC market (OTC Code: BRRZY)
Website	http://www.totalbrain.com
Corporate Governance Statement	The directors and management are committed to conducting the business of Total Brain Limited in an ethical manner and in accordance with the highest standards of corporate governance. Total Brain Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Company's website at http://www.totalbrain.com/investors/

30 August 2019

Dear Shareholders,

On behalf of the Board of Directors of Total Brain Limited (the "Company" or "TB"), I am pleased to present our Annual Report for the Fiscal Year ended 30 June 2019 (FY2019).

FY2019 was a year of major transformation and turnaround for our team. Following the launch of the new Total Brain platform in September 2018, on time and on budget, we have been focused on sales execution through strategic go-to-market prioritisation, continuous iteration of sales positioning, and optimisation of product-market-fit assumptions for our product. This has resulted in important validation from the market evident in our positive momentum since the beginning of calendar 2019, including the completion of 16 new sales and strategic partnerships.

Additionally, we have expanded our team significantly, welcoming high-calibre talent not only in engineering, data science, and product, but also among our Board Directors and Senior Advisers. We are thrilled to grow our ranks with individuals who have significant experience in our target markets and are strong believers in our product and its potential. The Total Brain partnership network has also grown on the investor front. Earlier this year, we successfully completed a A$6.9 million capital raise, led by US-based family offices and investors with meaningful participation from existing and new institutional and private investors in Australia and Hong Kong. We are thankful for the continued vote of confidence by our shareholders and have been putting the incremental funds to good use with a focus on growing our sales, marketing, and engineering efforts, among others.

Meanwhile, the macro tailwinds behind our business and utmost urgency for our solution continue to accelerate. Mental health and fitness have become top-of-mind for corporates, healthcare players, and government agencies alike. 20% of the adult population in the United States has a mental health condition, and only half of them are diagnosed, and based on a recent study by the American Heart Association "Mental Health: Crisis at Work", costing an employer an incremental $17,241 per year. At the same time, given that 20 US veterans die by suicide daily, and 70% of youth identify anxiety and depression as the top problem impacting students, the need for objective, data-driven, technology-powered solutions is urgent. Total Brain's long-standing scientific grounding, scalable product solution, and implementation discipline, is poised to create significant economic and social returns in the next twelve months and beyond.

Yours sincerely,

Dr E Gordon

Dr. Evian Gordon, PhD

1. HIGHLIGHTS

- During the twelve months ended 30 June 2019, Total Brain delivered 33% growth in revenue from the main Total Brain Corporate business and flat annual growth in total revenue;
  - The Corporate revenues were the primary driver of growth for the business, offsetting declines in other revenue of -36%. Given that the Company follows a calendar year business cycle, the results achieved on a fiscal year-basis do not fully reflect the significant operational momentum generated throughout the latter part of the year, made evident by the 16 sales closed since January 2019;
- Total Brain's 16 sales and strategic partnerships with new and existing B2B Corporate and B2C Affinity clients include:
  - 2 existing Fortune 500 clients which expanded their contracts and added ~65,000 new addressable users to the new Total Brain platform;
  - 3 new US organisations covering ~70,000 new addressable users contracted through an existing channel partner;
  - OneDigital, the largest company in the US focused exclusively on employee benefits and HR, with 44,000 corporate clients nationally;
  - NFP, a new channel partner focused exclusively on employee benefits and HR, with 10,000 clients nationally. Total Brain will also be deployed to NFP's 5,000 employees;
  - American Heart Association, one of the largest non-profit organisations in the United States partnered with TB to study the relationship between the heart and the brain through data on Heart Rate Variability (HRV);
  - Mental Health America, a leading US non-profit with 7.7 million annual website visitors;
  - CNA Insurance, a leading US long-term care insurance company to offer the TB platform to 77,000 new users with the objective of reducing incidents and claim rates within a pre-identified cohort of individuals;
- As of 30 June 2019, the Company grew cumulative User Registrations to 715k and the cumulative number of Brain Profiles to 534k, representing 19% annual growth and a 56% CAGR since December 2015;
- During the past twelve months, Total Brain completed multiple operational initiatives, including:
  - After 9 months of development, the Company launched Total Brain replacing the legacy MyBrainSolutions product in September 2018, ahead of plan and on budget. The launch represented a complete overhaul of the product, including cloud-hosted infrastructure on the back-end and modern design on the front-end, both required elements of scaling as a SaaS business;
  - Successfully migrated over 600,000 existing individual users, 23 corporate customers and 5 channel partners to the new platform with very positive customer feedback;
  - Executed a complete rebrand of MyBrainSolutions to Total Brain, including a fundamentally-redesigned website (http://totalbrain.com), new social assets, revamped sales enablement materials, and updated go-to-market positioning for the Total Brain platform and the Screening product;
  - Launched an Account-based Marketing strategy, targeting the largest enterprises in the United States to enhance scalability and effectiveness of sales and marketing efforts, resulting in 160+ new marketing qualified leads to-date;
  - Significantly increased promotional efforts through 15+ events and speaking opportunities scheduled for CY2019, representing a 3x increase YoY.
- Total Brain also successfully completed a A$6.9 million capital raise, including a placement, entitlement offer, and shortfall placement, consistent with the announcement made to the ASX on 18 March 2019
  - The fundraise was led by US-based family offices and HNW investors with meaningful participation from existing and new institutional and HNW investors in Australia and Hong Kong. The use of funds includes growth in the software and product development, as well as sales and marketing functions of the Company, among others.

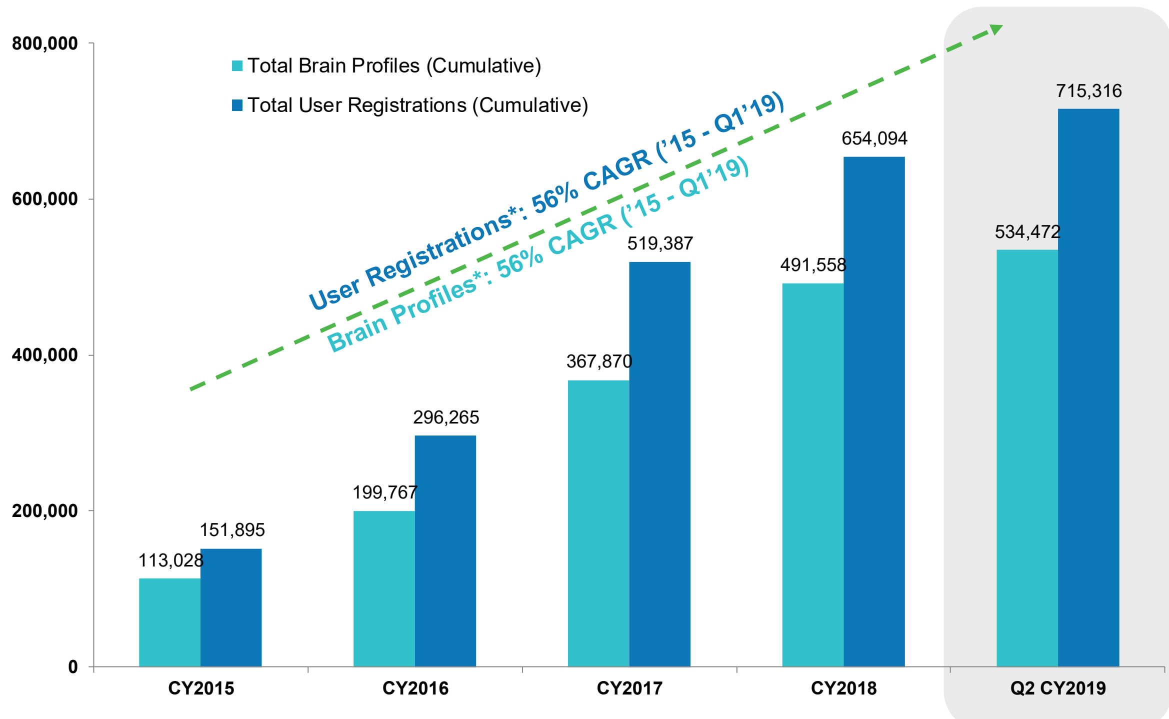
2. BUSINESS OPERATIONS

2.1 User KPIs

User Registrations and Brain Profiles are the key user KPIs for the Total Brain business. These indicators directly reflect product adoption, use among clients and are a strong validator of TB's product-market-fit assumptions, while also powering the value of the Company's proprietary database. During the twelve months ended 30 June 2019:

- User Registrations increased by 115k, representing 19% year-on-year growth in cumulative users and a 56% CAGR since December 2015; and
- Brain Profiles increased by 87k, representing 19% year-on-year growth in cumulative profiles and a 56% CAGR since December 2015.

This growth does not include user uplift from the expected re-launch of the new AARP platform, which includes Total Brain, as well as several large B2C Affinity opportunities, such as Mental Health America.



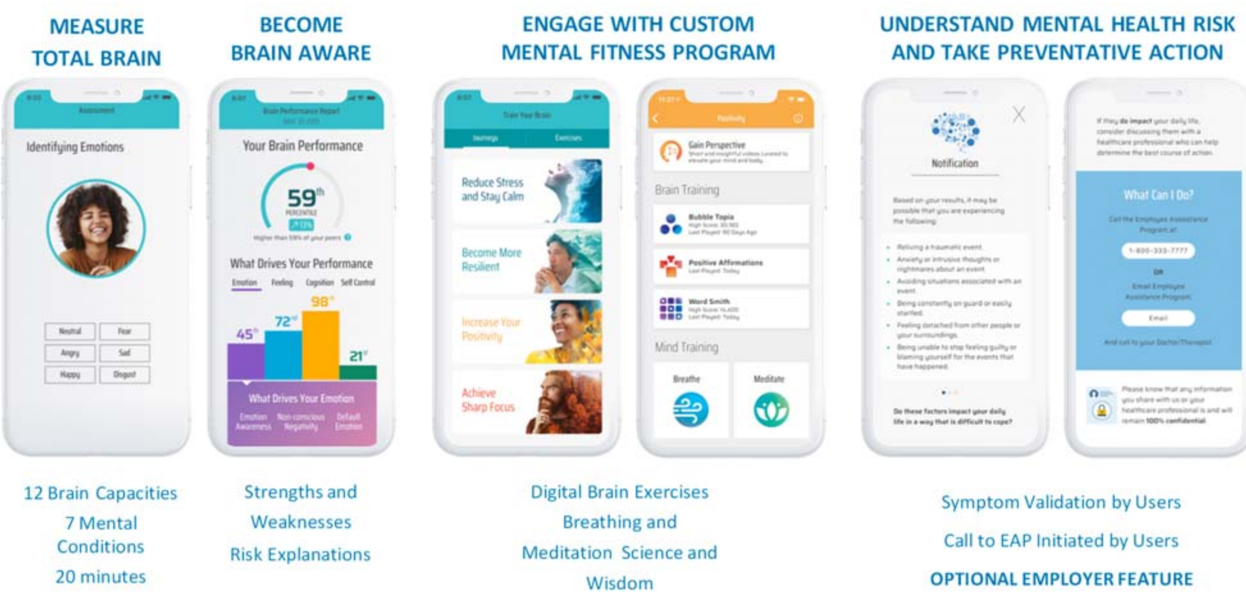
*Represents cumulative actual figures through 30 June 2019. User Registration figures exclude employer-pre-registered users. Brain Profiles figures include multiple assessments taken by same user.

The key areas of focus and accomplishments across all business functions for FY2019 are highlighted below:

2.2 Product and Technology

- After 9 months of development, the Company launched Total Brain replacing the legacy MyBrainSolutions product in September 2018, ahead of plan and on budget. The launch represented a complete overhaul of the product, including cloud-hosted infrastructure on the back-end and modern design on the front-end, both required elements of scaling as a SaaS business;
- Successfully migrated over 600,000 existing individual users, 23 corporate customers and 5 channel partners to the new platform with very positive customer feedback;
- Revamped the training experience in the Total Brain platform, including a launch of 40 new pieces of mind-body content via the exclusive content partnership with TLEX Institute, and a number of redesigned brain training exercises;
  - TLEX Institute is a leader in well-being and leadership training in the corporate sector, having taught courses to 200+ large organisations across the globe, including American Express, Amazon, Microsoft and Intuit.

- Built scalable infrastructure for scheduled and dynamic email and push notifications to drive usage, engagement, user habituation, initial deep linking (web), and basic direct to consumer registration workflow to support B2C Affinity clients;
- Completed workstreams (dashboard migration, HIPPA compliance, report sharing) to enable enhanced product functionality in the clinical market;
- Established General Data Protection Regulation ("GDPR") infrastructure ensuring compliance with the security and technology requirements of global B2B Corporate clients and expedited onboarding of new accounts;
- Completed initial designs of Total Brain 2.0, the next-generation experience of the platform designed to improve flexibility and personalisation.



2.3 Sales and Customer Success

- Continued to iterate on optimal product-market-fit for Total Brain's products within the B2B Corporate and B2C Affinity markets;
- Closed 16 sales with new and existing B2B Corporate and B2C Affinity clients, including:
  - 2 existing Fortune 500 clients which expanded their contracts and added ~65,000 new addressable users to the new Total Brain platform;
  - 3 new US organisations covering ~70,000 new addressable users contracted through an existing channel partner;
  - OneDigital, the largest company in the US focused exclusively on employee benefits and HR, with 44,000 clients nationally;
  - NFP, a new channel partner focused exclusively on employee benefits with 10,000 clients nationally. Total Brain will also be deployed to NFP's 5,000 employees;
  - American Heart Association, one of the largest non-profit organisations in the United States partnered with TB to study the relationship between the heart and the brain through data on Heart Rate Variability (HRV);
  - Mental Health America, a leading US non-profit with 7.7 million annual website visitors;
  - CNA Insurance, a leading US long-term care insurance company to offer the TB platform to 77,000 new users with the objective of reducing incidents and claim rates within a pre-identified cohort of individuals;

2.4 Marketing

- Executed a complete rebrand of MyBrainSolutions to Total Brain, including a fundamentally-redesigned website (http://totalbrain.com), new social assets, revamped sales enablement materials, and updated go-to-market positioning for the Total Brain platform and the Screening product;
- Launched Account-based Marketing strategy, targeting the largest enterprises in the United States to enhance scalability and effectiveness of sales and marketing efforts, resulting in 160+ new marketing qualified leads;
- Significantly increased promotional efforts through 15+ events and speaking opportunities scheduled for CY2019, representing a 3x increase YoY, including the following:
  - ASU/GSV Education Conference in San Diego (April)
  - World Health Care Congress in Washington DC (May)
  - Service Academies Summit in Annapolis (June)
  - Bloomberg CEO Summit in New York (June)
  - National Health & Well-Being Summit in Boston (July)
  - Jeffries Fitness Conference in New York (Sept)
- Became a Founding Partner of the National Summit for Mental Health & Mental Fitness, held in Denver, CO, featuring key opinion leaders on mental health from around the United States and culminating with a large public meditation attracting more than 250,000 people in-person and via global livestream;

- Increased lead generation efforts on social media sites with a focus on LinkedIn and Facebook, deepened the automated B2B prospect campaign via additional nurture tactics (webinars, social ad retargeting, account-based marketing) to shorten the sales cycle and accelerate conversion;
- Continued to build thought leadership credibility via HR trade publications, podcasts, partnership press releases, and 7-10 social weekly social posts to deepen engagement and broaden reach.

2.5 Human Resources

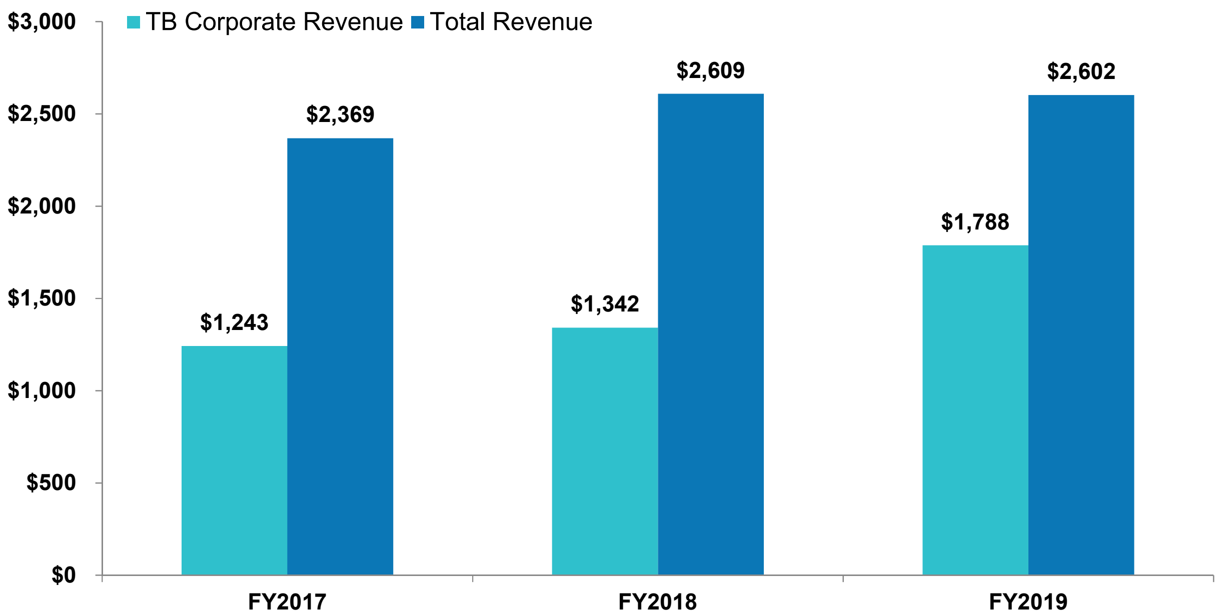
- Successfully onboarded 5 new senior members of the Total Brain team, including:
  - David Torrible, a former Partner at Goldman Sachs, who joined TB's Board as a Non-executive Director;
  - Garrett Walker, the former Chief Human Resource Officer of Quintiles, a Fortune 500 company with 50,000 employees, who joined TB as an HR Practice Leader and commission-based reseller;
  - John Boudreau, the Research Director for University of Southern California's Center for Effective Organisations and Professor at the Marshall School of Business, who joined TB as a Senior Advisor in HR thought-leadership;
  - Adam Pearson, the former Vice President of Chronic Care Management at Quest Diagnostics, a Fortune 500 company with 45,000 employees, who joined TB as a spokesperson and commission-based reseller;
  - Peter Lafontaine, a former enterprise sales executive at Microsoft Canada, who joined TB as a spokesperson and commission-based reseller in the Canadian corporate market.
- Sourced and filled critical positions across Sales, Engineering, Product, Data Science, Marketing, Operations, and Executive Support; building pipeline for engineering team expansion;
- Finalised Company bonus policy to eligible employees and review process;
- Launched a modern HRIS software system providing management and employees with a centralised repository of all administrative information pertaining to HR;
- Held three Company-wide retreats, allowing employees to engage in a variety of group working sessions, presentations by all departments, and reflective workshops to improve their relationship with their teammates and themselves.

2.6 iSPOT Diagnostic and Treatment Prediction Test

While the Company's current business plan is focused on the development of the Total Brain business, management continued to explore strategic alternatives to maximise shareholder value from the iSpot assets. The Company announced positive developments with regard to the genetics work undertaken as part of the scientific validation of the iSpot assets, including achieving 80% accuracy for the evaluation of the likelihood that an individual would remit from depression given one's brain genetic profile. While subject to a full replication analysis, these results help support a potential monetisation path for iSpot. Total Brain continues to work with a New York-based investment bank on evaluating strategic alternatives for the assets.

3. FINANCIALS

3.1 Revenues



The Corporate revenues were the primary driver of growth for the business, offsetting declines in other revenue of -36%. Given that the Company follows a calendar year business cycle, the results achieved on a fiscal year-basis do not fully reflect the significant operational momentum behind the business currently, made evident by the 16 sales closed since January 2019. Management expects that the Company will continue to establish new contracts and grow revenue through CY2019.

3.2 Expenses

Total expenses for the twelve-month period ended 30 June 2019 decreased by $15.4 million (58%) to $11.2 million due to the $17.7 million (90%) decrease in non-cash, non-recurring expenses during the period. Total cash expenses increased by $2.9 million (46%) to $9.2 million, primarily driven by:

- $1.9 million (53%) increase in employee-related expenses driven by the continued growth of the team over the course of FY2019;
- $0.8 million (31%) increase in corporate and operating costs driven by additional sales and marketing expenses incurred as part of B2B Corporate strategy, including trade shows, sales team travel, and digital marketing costs, among others.

Total non-cash expenses decreased by $17.7 million (90%) to $2 million during the period, driven by non-recurring items in the prior comparison period. The current period saw a $1.4 million Impairment of goodwill / intangible assets expense driven by the impairment of TB's intangible assets. Please review the notes to the financial statements for additional details.

3.3 Cash Flow

Average monthly cash consumption, net of revenue, for the twelve months ended 30 June 2019 was $751,923 compared to $475,304 in the prior period, reflecting the significant expansion of the business, doubling of the team, as well as overhaul of infrastructure and processes. The Company's closing cash balance as of 30 June 2019 was $5.2 million.

4. OUTLOOK

The twelve months ended 30 June 2019 were a time of significant transformation and turnaround for Total Brain. We are encouraged by the positive sales momentum since the beginning of calendar 2019. The contracts won and partnerships signed serve as an important validation of our product positioning and go-to-market strategy for the new Total Brain platform. Additionally, we are thrilled to welcome to our team high-calibre individuals with significant experience in our target markets. As such, we remain focused on our previously-communicated priorities for CY2019:

- Accelerate sales cycle of B2B Corporate revenue via increasing penetration of current and new channel partners and continued execution of the Account-based Marketing strategy;
- Diversify into target sectors with shorter sales cycles such as the B2C Affinity market;
- Retain and upsell our existing book of business.

We continue to be excited about the business prospects for Total Brain and are committed to creating significant shareholder value in CY2019 and beyond.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Total Brain Limited (previously known as Brain Resource Limited) (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

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

Dr Evian Gordon - Executive Chairman
Mr Louis Gagnon - Managing Director and Chief Executive Officer
Mr Matthew Morgan - Non-Executive Director
Mr Ajay Arora - Non-Executive Director
Mr David Torrible - Non-Executive Director (appointed on 1 June 2019)
Dr Stephen Koslow - Non-Executive Director (resigned on 1 June 2019)

Principal activities
The principal activity of the Group is developing and selling brain health products.

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

Review of operations
The loss for the Group after providing for income tax amounted to $8,570,754 (30 June 2018: $23,101,340).

A review of the operations of the Group during the financial year and the results of those operations are contained in the Operating and Financial Review section of this report.

Significant changes in the state of affairs
On 24 July 2018, the Company announced that it had partnered with the TLEX institute (Transformational Leadership for Excellence) which offers tools for well-being, adaptive leadership and creativity, to create the first end-to-end brain performance monitoring and training platform.

The exclusive partnership will allow Total Brain to bring greater emotional and mental agility to its customers by merging cutting-edge brain research with ancient wisdom and meditation provided by TLEX in its soon to be launched upgraded product.

On 19 September 2018, the Company announced the release of a significant upgrade, expansion to its technological platform and the brand repositioning of legacy “MyBrainSolutions” to “Total Brain”: the world's first Brain Performance Monitoring and Training Platform.

On 3 December 2018, the company changed its name from Brain Resource Limited to Total Brain Limited. In parallel, the ASX code has been changed from BRC to TTB.

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

Matters subsequent to the end of the financial year
On 29 August 2019, the Company announced that it had partnered with IBM (NYSE: IBM) whereby IBM will embed Total Brain in IBM’s THRIVE360° of Mental Fitness platform as core functionality.

IBM’s THRIVE360° of Mental Fitness platform powers GRIT (Get Results in Transition) a collaboration between IBM and The United States Department of Veterans Affairs (VA). GRIT is a digital solution for veterans, active-duty service members, and reservists that provides a mobile experience to help them understand and strengthen their mental fitness, social connections, and overall well-being.

GRIT is the first instantiation of the bigger platform called THRIVE360° of Mental Fitness, which IBM intends to deploy with other communities under stress or in transition.

IBM will collaborate with Total Brain to monitor mental health and build mental fitness. Total Brain provides scientific brain assessments and personalised brain and mind training to help users consolidate mental strengths and master weaknesses.

Due to the early stages of the partnership with IBM, an estimate of the financial effect on the Group’s results in future financial years cannot be made.

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

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have been included in the discussion of the Operating and Financial Review.

Environmental regulation

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

Information on directors

Name:	Dr Evian Gordon
Title:	Executive Chairman
Qualifications:	BSc (Hons), PhD, MBBCh
Experience and expertise:	Dr Gordon has over 30 years of experience in human brain research. He was the director of the Brain Dynamics Centre at Westmead Hospital and a senior lecturer in the Department of Psychological Medicine at the University of Sydney. Dr Gordon edited the book “Integrative Neuroscience” and has more than 200 publications credited to him.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	13,018,749 ordinary shares
Interests in options:	None

Name:	Mr Louis Gagnon
Title:	Managing Director and Chief Executive Officer
Qualifications:	MSC, BBA
Experience and expertise:	Mr Gagnon has been the Chief Executive Officer (CEO) of the Company since 23 May 2017. Louis has over 25 years worth of experience as a high-growth global digital business leader, most notably at Amazon’s subsidiary Audible, where he served as Chief Product and Marketing Officer. Prior to working with the Company, Louis was an Advisor to TPG Capital following a short CEO assignment to turn around portfolio company Ride.com. His other past roles include Chief Product and Marketing Officer at Yodle and Senior VP of Global Products at Monster Worldwide.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	4,159,225 ordinary shares
Interests in options:	61,465,912 options over ordinary shares

Name:	Mr Matthew Morgan
Title:	Non-Executive Director
Qualifications:	MBA, B Com, B App Sc
Experience and expertise:	Mr Morgan is a former venture capitalist who is the Principal of Millers Point Company, an advisory firm focused on emerging growth companies. He was a co-founder of Diversa Ltd (ASX DVA) which was sold to OneVue (ASX OVH).
Other current directorships:	Non-Executive Director and Chairman of the Audit and Risk Committee of Sensera Ltd (ASX SE1) and Leaf Resources Ltd (ASX LER).
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committee
Interests in shares:	4,447,231 ordinary shares
Interests in options:	4,250,000 options over ordinary shares

Name:	Mr Ajay Arora
Title:	Non-Executive Director
Qualifications:	MBA, MSEE, B.Eng
Experience and expertise:	Mr Arora is currently a Director of Product Innovation at Netflix, a world-leading internet entertainment service. He has spent the last 20 years in management roles within the most successful digital subscription businesses in the world, with a primary focus on user acquisition and partnerships. Mr Arora was previously VP of Product Management at Imgur, a top 100 global web destination for image sharing, where he led the product, design and data teams. He also led global product management for Audible, Inc., an Amazon company specialising in spoken audio, where he oversaw mobile and desktop experiences, and led the integration of Audible into Amazon’s Kindle and Echo product lines.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	1,920,808 options over ordinary shares

Name:	Mr David Torrible
Title:	Non- Executive Director (appointed on 1 June 2019)
Qualifications:	BA (Hons)
Experience and expertise:	Mr Torrible is an active non-executive director and advisor to private companies, financial firms and charities since 2012 when he retired as a partner of Goldman Sachs. Prior to 2012 he worked 19 years as an equity specialist serving institutional accounts in Asian capital markets. He has worked in Hong Kong, Indonesia, USA and Australia. He is experienced in relationship management, capital market risk and successfully managing geographically diverse teams.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Committee
Interests in shares:	31,425,746 ordinary shares
Interests in options:	None

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

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

Company secretaries
Mr Harvey Bui (ACCA, B Com) has held the role of Joint Company Secretary since June 2018. He is a qualified chartered accountant with 10 years of experience in providing accounting finance and corporate compliance advisory services to a wide range of businesses from not-for-profit organisations to multinational ASX/NASDAQ listed companies, along with experience in auditing and assurance, having started his career with Ernst & Young in 2008.

Mr Phillip Hains (CA, MBA) has held the role of Joint Company Secretary since June 2018. He brings almost 30 years of experience in corporate secretarial, accounting and general management through his firm The CFO Solution, a boutique professional services firm for listed companies. Mr Hains is currently a Director and Treasurer of the Australian Outward Bound Foundation.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee*		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Dr Evian Gordon	5	5	-	-	-	-
Mr Louis Gagnon	5	5	-	-	-	-
Mr Matthew Morgan	5	5	-	-	1	1
Mr Ajay Arora	5	5	-	-	-	-
Mr David Torrible	-	-	-	-	-	-
Dr Stephen Koslow	4	5	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

* It is noted that despite there being no formal Nomination and Remuneration Committee meetings held during the year, the Non-Executive Directors frequently discussed various matters in relation to remuneration during the year ended 30 June 2019.

Remuneration report (audited)
The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's employee reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns employee reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that employee reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors, executives and the general remuneration framework for all employees. The performance of the Group depends on the quality of its directors, executives and capability of the entire team. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group. The Committee uses external remuneration reports to benchmark the framework with Companies of similar size, market capitalisation and operations in similar geography.

The reward framework is designed to align employee rewards to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- focusing on sustained growth in shareholder wealth;
- delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance employees' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market but primarily refer to Independently published remuneration reports for ASX listed companies and early stage technology Companies in the USA to benchmark the framework with Companies of similar size, market capitalisation and operations in similar geography.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay;
- short-term performance incentives;
- equity-based payments; and
- other remuneration such as superannuation and non-monetary benefits including health insurance for US employees.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives and employees. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include revenue and or profit contribution, customer satisfaction, leadership contribution and product management. Short-term incentives included the provision of cash and or equity-based incentives.

The long-term incentives ('LTI') include long service leave and equity-based payments in the form of options which are exercisable at a premium to the share price at the time they are issued. Options vest annually over a period of three or four years. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2019.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined revenue and earnings targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee based on established KPI’s per employee.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
During the financial year ended 30 June 2019, the Group had not engaged any remuneration consultants to review or advise upon its existing remuneration policies, including the implementation of the LTI.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM')
At the 2018 AGM, 91.62% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in this section.

The key management personnel of the Group consisted of the following directors of Total Brain Limited:
- Dr Evian Gordon - Executive Chairman
- Mr Louis Gagnon - Managing Director and Chief Executive Officer
- Mr Matthew Morgan - Non-Executive Director
- Mr Ajay Arora - Non-Executive Director
- Mr David Torrible - Non-Executive Director (appointed on 1 June 2019)
- Dr Stephen Koslow - Non-Executive Director (resigned on 1 June 2019)

And the following persons:
- Mr Matthew Mund - Chief Operating Officer (COO)
- Mr Emil Vasilev - Director of Finance and Operations

2019	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees $	Cash bonus*** $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled options $	Total $
Non-Executive Directors:								
Mr Matthew Morgan	79,944	-	-	-	-	-	26,125	106,069
Mr Ajay Arora	41,656	-	-	-	-	-	348	42,004
Dr Stephen Koslow *	33,000	-	-	-	-	-	131	33,131
Mr David Torrible **	4,583	-	-	435	-	-	-	5,018
Executive Directors:								
Dr Evian Gordon	349,469	-	-	-	-	-	-	349,469
Mr Louis Gagnon	419,361	256,213	-	-	-	-	32,679	708,253
Other Key Management Personnel:								
Mr Matthew Mund	349,468	120,638	-	-	-	-	12,655	482,761
Mr Emil Vasilev	230,649	50,427	-	-	-	-	2,944	284,020
	1,508,130	427,278	-	435	-	-	74,882	2,010,725

* Represents remuneration from 1 July 2018 to 1 June 2019
** Represents remuneration from 1 June 2019 to 30 June 2019
*** Cash bonuses were paid upon the successful re-capitalisation of the Group in December 2017 and the successful launch of the Total Brain product and brand in September 2018.

2018	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Other $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled shares $	Share-based payments: Equity-settled options $	Total $
Non-Executive Directors:								
Mr Matthew Morgan*	55,000	127,463	-	-	-	-	100,937	283,400
Dr Stephen Koslow**	45,464	-	-	-	-	-	141	45,605
Executive Directors:								
Dr Evian Gordon ***	388,735	-	135,727	12,894	-	-	-	537,356
Mr Louis Gagnon	208,350	-	-	-	-	-	454,093	662,443
Other Key Management Personnel:								
Mr Matthew Mund	173,625	-	-	-	-	-	238,496	412,121
Mr Emil Vasilev	203,389	-	-	-	-	-	95,549	298,938
	1,074,563	127,463	135,727	12,894	-	-	889,216	2,239,863

* Included for Mr Morgan is a $127,463 fee for recapitalisation services, which was subsequently reinvested in the December 2017 capital raising.

** Mr Koslow's directors' fees are $36,000 per annum. 2018 includes a catch-up payment from 2017.

*** Included in cash salary and fees for Dr Gordon is a payment of $100,000 for unused annual leave. The $135,727 amount that has been recorded as other paid to Dr Gordon was previously recognised in the statement of financial position as an unpaid salary for the period from October 2012 to June 2016.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2019	Fixed remuneration 2018	At risk - STI 2019	At risk - STI 2018	At risk - LTI 2019	At risk - LTI 2018
Non-Executive Directors:						
Mr Matthew Morgan	75%	64%	-	-	25%	36%
Mr Ajay Arora	99%	-	-	-	1%	-
Dr Stephen Koslow	100%	100%	-	-	-	-
Mr David Torrible	100%	-	-	-	-	-
Executive Directors:						
Dr Evian Gordon	100%	100%	-	-	-	-
Mr Louis Gagnon	59%	32%	36%	-	5%	68%
Other Key Management Personnel:						
Mr Matthew Mund	72%	42%	25%	-	3%	58%
Mr Emil Vasilev	81%	68%	18%	-	1%	32%

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable 2019	Cash bonus paid/payable 2018	Cash bonus forfeited 2019	Cash bonus forfeited 2018
Non-Executive Directors:				
Mr Matthew Morgan	-	100%	-	-
Executive Directors:				
Dr Evian Gordon	-	100%	-	-
Mr Louis Gagnon	100%	-	-	-
Other Key Management Personnel:				
Mr Matthew Mund	100%	-	-	-
Mr Emil Vasilev	100%	-	-	-

Service agreements

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

Name:	Dr Evian Gordon
Title:	Executive Chairman
Term of agreement:	No fixed term
Details:	1 months' notice required to terminate. Entitled to 75% of gross salary.

Name:	Mr Matthew Morgan
Title:	Non-Executive Director
Term of agreement:	No fixed term
Details:	No notice required to terminate. Entitled to 0% of gross fees.

Name:	Mr Ajay Arora
Title:	Non-Executive Director
Term of agreement:	No fixed term
Details:	No notice required to terminate. Entitled to 0% of gross fees.

Name:	David Torrible
Title:	Non-Executive Director
Term of agreement:	No fixed term
Details:	No notice required to terminate. Entitled to 0% of gross fees.

Name:	Mr Louis Gagnon
Title:	Managing Director and Chief Executive Officer
Term of agreement:	No fixed term
Details:	1 months' notice required to terminate. Entitled to 12 months of gross salary, medical insurances and pro-rata portion of annual bonus.

Name:	Mr Matthew Mund
Title:	Chief Operating Officer
Term of agreement:	No fixed term
Details:	No notice required to terminate. Entitled to 6 months of gross salary, medical insurances and pro-rata portion of annual bonus.

Name:	Mr Emil Vasilev
Title:	Director of Finance and Operations
Term of agreement:	No fixed term
Details:	No notice required to terminate. Entitled to 6 months of gross salary, medical insurances and pro-rata portion of annual bonus.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Mr Matthew Morgan	1,000,000	14/12/2017	14/12/2018	10/01/2023	$0.1000	$0.0330
	1,000,000	14/12/2017	14/12/2019	10/01/2023	$0.1000	$0.0330
Mr Louis Gagnon	9,410,985	14/12/2017	22/05/2019	22/05/2022	$0.1600	$0.0040
	9,410,985	14/12/2017	22/05/2020	22/05/2022	$0.1600	$0.0040
Mr Ajay Arora	480,202	29/04/2019	29/04/2019	28/04/2024	$0.0800	$0.0010
	480,202	29/04/2019	29/04/2020	28/04/2024	$0.1200	$0.0010
	480,202	29/04/2019	29/04/2021	28/04/2024	$0.1600	$0.0010
	480,202	29/04/2019	29/04/2022	28/04/2024	$0.1600	$0.0010
Mr Matthew Mund	4,455,493	16/07/2017	16/07/2018	16/07/2022	$0.1200	$0.0060
	4,455,493	16/07/2017	16/07/2019	16/07/2022	$0.1600	$0.0030
	4,455,493	16/07/2017	16/07/2020	16/07/2022	$0.1600	$0.0030
Mr Emil Vasilev	588,459	01/07/2017	17/05/2019	17/05/2022	$0.1600	$0.0050
	588,459	01/07/2017	17/05/2020	17/05/2022	$0.1600	$0.0050

Options granted carry no dividend or voting rights.

Additional information
The earnings of the Group for the five years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Sales revenue	2,602,137	2,608,990	2,369,321	2,910,157	2,637,973
Loss after income tax	(8,570,754)	(23,101,340)	(9,868,954)	(4,025,097)	(2,595,316)

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

	2019	2018	2017	2016	2015
Share price at financial year end ($)	0.02	0.04	0.06	0.13	0.23
Basic earnings per share (cents per share)	(1.45)	(6.38)	(6.45)	(2.84)	(2.02)
Diluted earnings per share (cents per share)	(1.45)	(6.38)	(6.45)	(2.84)	(2.02)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Dr Evian Gordon	13,018,749	-	-	-	13,018,749
Mr Matthew Morgan	3,417,152	-	1,030,079	-	4,447,231
Dr Stephen Koslow	94,250	-	-	-	94,250
Mr Louis Gagnon	4,159,225	-	-	-	4,159,225
Mr David Torrible	-	-	31,425,746	-	31,425,746
Mr Matthew Mund	4,444,824	-	5,443,000	-	9,887,824
Mr Emil Vasilev	702,188	-	-	-	702,188
	25,836,388	-	37,898,825	-	63,735,213

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted as remuneration	Expired	Balance at the end of the year	Vested and exercisable
Options over ordinary shares					
Mr Matthew Morgan	5,138,889	-	(888,889)	4,250,000	3,250,000
Dr Stephen Koslow	249,500	-	-	249,500	249,500
Mr Louis Gagnon	62,173,987	-	(708,075)	61,465,912	52,054,926
Mr Ajay Arora	-	1,920,808	-	1,920,808	480,202
Mr Matthew Mund	30,975,434	-	(242,477)	30,732,957	21,821,971
Mr Emil Vasilev	6,561,063	-	(30,309)	6,530,754	5,942,295
	105,098,873	1,920,808	(1,869,750)	105,149,931	83,798,894

Loans to key management personnel and their related parties
In the prior year, the Company entered a short-term interest-free loan agreement with Mr Gagnon for US$59,954 and other employees for US$14,546. Mr Gagnon and the employees subsequently purchased shares in the Company. The loans were repaid during the current year.

There were no other transactions with key management personnel and their related parties.

This concludes the remuneration report, which has been audited.

Shares under option

The following options over ordinary shares of Total Brain Limited were outstanding at the date of this report.

Grant date	Expiry date	Exercise price (Cents)	Number under option
14/04/2015	14/04/2020	37.5	765,000
21/12/2016	29/11/2021	20.0	499,500
22/05/2017	22/05/2022	8.0	5,000,000
01/07/2017	17/05/2022	8.0	4,765,377
01/07/2017	17/05/2022	12.0	588,459
01/07/2017	17/05/2022	16.0	1,176,918
16/07/2017	16/07/2022	8.0	17,366,478
16/07/2017	16/07/2022	12.0	4,455,493
16/07/2017	16/07/2022	16.0	8,910,986
24/07/2017	24/07/2022	8.0	8,951,563
24/07/2017	24/07/2022	12.0	2,650,521
24/07/2017	24/07/2022	16.0	5,301,042
07/08/2017	07/08/2022	8.0	480,202
07/08/2017	07/08/2022	12.0	480,202
07/08/2017	07/08/2022	16.0	960,404
14/12/2017	22/05/2022	8.0	28,232,956
14/12/2017	22/05/2022	12.0	9,410,985
14/12/2017	22/05/2022	16.0	18,821,970
14/12/2017	10/01/2023	10.0	4,000,000
15/12/2017	15/12/2022	10.0	50,000,000
19/12/2017	10/01/2021	12.0	4,000,000
08/01/2018	07/01/2023	8.0	1,920,810
08/01/2018	07/01/2023	12.0	1,920,810
08/01/2018	07/01/2023	16.0	3,841,620
24/02/2018	23/02/2023	8.0	300,000
28/02/2018	27/02/2023	8.0	300,000
01/04/2018	31/03/2023	8.0	1,599,346
01/04/2018	31/03/2023	12.0	1,441,477
01/04/2018	31/03/2023	16.0	1,915,079
01/04/2018	31/03/2023	24.0	1,441,477
29/04/2019	28/04/2021	4.5	2,066,115
29/04/2019	28/04/2024	8.0	480,202
29/04/2019	28/04/2024	12.0	480,202
29/04/2019	28/04/2024	16.0	960,404
			195,485,598

Shares issued on the exercise of options

There were no ordinary shares of Total Brain Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to ensure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

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

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

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Grant Thornton
There are no officers of the Company who are former partners of Grant Thornton.

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

Auditor
Grant Thornton continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors

Dr E Gordon

Dr Evian Gordon
Chairman

30 August 2019

Grant Thornton

Level 18, 145 Ann Street
Brisbane QLD 4000

Correspondence to:
GPO Box 1008
Brisbane QLD 4001

T +61 7 3222 0200
E info.qld@au.gt.com
W www.grantthornton.com.au

Auditor’s Independence Declaration

To the Directors of Total Brain Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Total Brain Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

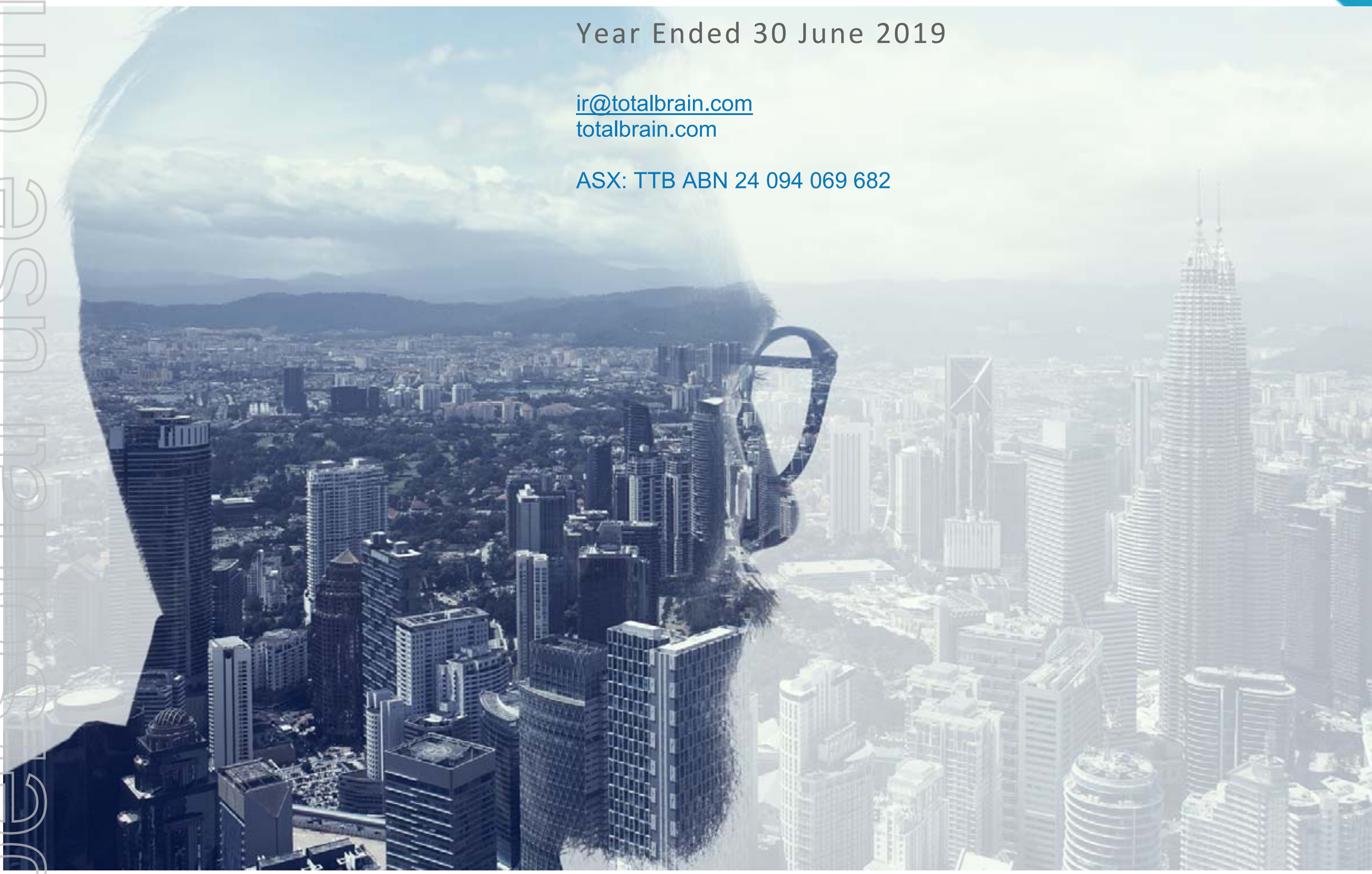
Brisbane, 30 August 2019

FINANCIAL STATEMENTS

Year Ended 30 June 2019

ir@totalbrain.com
totalbrain.com

ASX: TTB ABN 24 094 069 682



	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue	5	2,602,137	2,615,787
Interest income calculated using the effective interest method		21,261	-
Expenses			
Cost of equipment and third-party drug trial expense	6	(318,585)	(122,207)
Employee benefits expense		(5,534,036)	(3,626,641)
Corporate and operating costs	7	(3,332,336)	(2,542,318)
Depreciation and amortisation expense	6	(418,489)	(90,650)
Impairment of intangible assets	13	(1,380,680)	(13,568,240)
Impairment of receivables	10	(13,354)	-
Share of losses of joint ventures accounted for using the equity method		-	(42,238)
Share-based payments expense	6	(148,790)	(1,206,097)
Issue of options on conversion of convertible bond		-	(1,660,510)
Loss on conversion of convertible bond		-	(3,166,358)
Net foreign exchange losses	6	(45,562)	(14,855)
Finance costs	6	(2,320)	(523,353)
Loss before income tax benefit		(8,570,754)	(23,947,680)
Income tax benefit	8	-	846,340
Loss after income tax benefit for the year attributable to the owners of Total Brain Limited		(8,570,754)	(23,101,340)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		186,793	395,053
Other comprehensive income for the year, net of tax		186,793	395,053
Total comprehensive income for the year attributable to the owners of Total Brain Limited		(8,383,961)	(22,706,287)
		Cents	Cents
Basic earnings per share	31	(1.45)	(6.38)
Diluted earnings per share	31	(1.45)	(6.38)

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

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents	9	5,214,802	6,615,972
Trade and other receivables	10	811,160	1,317,206
Contract assets	11	89,935	-
Prepayments		97,393	28,783
Total current assets		6,213,290	7,961,961
Non-current assets			
Plant and equipment	12	247,349	221,636
Intangibles	13	14,900,018	14,659,278
Other		10,560	11,800
Total non-current assets		15,157,927	14,892,714
Total assets		21,371,217	22,854,675
Liabilities			
Current liabilities			
Trade and other payables	14	457,958	489,476
Contract liabilities	15	209,489	-
Employee benefits	16	385,001	488,495
Total current liabilities		1,052,448	977,971
Non-current liabilities			
Deferred tax	8	65,165	65,165
Employee benefits	17	33,704	29,884
Total non-current liabilities		98,869	95,049
Total liabilities		1,151,317	1,073,020
Net assets		20,219,900	21,781,655
Equity			
Issued capital	18	64,753,937	58,080,521
Reserves	19	4,233,742	3,898,159
Accumulated losses		(48,767,779)	(40,197,025)
Total equity		20,219,900	21,781,655

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $	Equity component on convertible bonds $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2017	31,777,787	5,738,666	664,939	(22,834,351)	15,347,041
Loss after income tax benefit for the year	-	-	-	(23,101,340)	(23,101,340)
Other comprehensive income for the year, net of tax	-	-	395,053	-	395,053
Total comprehensive income for the year	-	-	395,053	(23,101,340)	(22,706,287)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 18)	26,302,734	-	-	-	26,302,734
Share-based payments (note 32)	-	-	2,838,167	-	2,838,167
Transfer on settlement of convertible bond	-	(5,738,666)	-	5,738,666	-
Balance at 30 June 2018	58,080,521	-	3,898,159	(40,197,025)	21,781,655

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2018	58,080,521	3,898,159	(40,197,025)	21,781,655
Loss after income tax expense for the year	-	-	(8,570,754)	(8,570,754)
Other comprehensive income for the year, net of tax	-	186,793	-	186,793
Total comprehensive income for the year	-	186,793	(8,570,754)	(8,383,961)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 18)	6,673,416	-	-	6,673,416
Share-based payments (note 32)	-	148,790	-	148,790
Balance at 30 June 2019	64,753,937	4,233,742	(48,767,779)	20,219,900

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

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,727,088	2,276,786
Payments to suppliers and employees (inclusive of GST)		(9,362,747)	(6,630,416)
Research and development tax incentive		967,006	466,929
Interest received		21,261	8,155
Net cash used in operating activities	30	(5,647,392)	(3,878,546)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(78,520)	(94,303)
Payments for intangibles	13	(2,585,125)	(1,646,395)
Net proceeds/(repayments) on loans made to related parties		102,553	(102,553)
Cash acquired in acquisition of subsidiary		-	18,154
Net cash used in investing activities		(2,561,092)	(1,825,097)
Cash flows from financing activities			
Net proceeds from issue of shares	18	6,673,416	10,460,567
Repayment of borrowings to joint venture		-	(84,496)
Net cash from financing activities		6,673,416	10,376,071
Net increase/(decrease) in cash and cash equivalents		(1,535,068)	4,672,428
Cash and cash equivalents at the beginning of the financial year		6,615,972	1,570,197
Effects of exchange rate changes on cash and cash equivalents		133,898	373,347
Cash and cash equivalents at the end of the financial year	9	5,214,802	6,615,972

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

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

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

15 Belvoir Street
Surry Hills NSW 2010

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2019. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Note 2. Significant accounting policies (continued)

AASB 15 Revenue from Contracts with Customers
The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

There were also consequential changes to AASB 101 'Presentation of Financial Statements' from the introduction of AASB 15 and AASB 9.

Impact of adoption
AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2018 was nil.

The impact on adoption of AASB 9 and AASB 15 is immaterial other than the changes to disclosure as required by the standard, as follows;

- interest income is now shown separate on the face of the Statement of profit or loss and other comprehensive income;
- impairment of receivables is now shown on the face of the Statement of profit or loss and other comprehensive income;
- accrued revenue is now classified as contract assets;
- provision for impairment of receivables is now classified as allowance for expected credit losses; and
- deferred revenue is now classified as contract liabilities.

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

Historical cost convention
The financial statements have been prepared under the historical cost convention.

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

Going concern
During the year, the Group incurred a net loss after tax of $8,570,754 (2018: $23,101,340) and net operating cash outflows of $5,647,392 (2018: $3,878,546). Prima facie, these circumstances represent a material uncertainty regarding the Group’s ability to continue as a going concern.

Management understands that its current commitment to fund the ongoing growth and commercialisation objectives and to continue as a going concern will require funds to be raised.

Note 2. Significant accounting policies (continued)

The Directors have a reasonable expectation that they will be able to raise sufficient funds in the equity markets to provide adequate levels of working capital to fund the Company's strategic goals. They believe therefore that the Company continues to be a going concern and that it will be able to pay its debts as and when they fall due for a period of at least 12 months from the date of this report. On this basis, the Directors believe that the going concern basis of presentation is appropriate. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company not have the ability to continue as a going concern. If for any reason the Company is unable to continue as a going concern, it would impact on the Company's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Total Brain Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Total Brain Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

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

Operating segments

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

Foreign currency translation

The presentation currency of the Group's financial statements is Australian dollars.

The functional currency of Brain Resource Inc., a subsidiary of the ultimate parent company, Total Brain Limited, is US dollars.

Foreign currency transactions

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

Note 2. Significant accounting policies (continued)

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

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

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of software licenses
Software revenue comprises fees from subscribers to access the Group's software platform during the license period. Subscription-based arrangements generally have annual contractual terms.

In some customer contracts, software and other deliverables (such as services or support) are bundled together. With the exception of set up charges (which are considered to be a separate performance obligation and for which revenue is recognised at a point in time) the goods and services provided under these arrangements are highly interrelated and are therefore accounted for as a single performance obligation. The Group recognises revenue rateably as the services are performed, commencing with the date the service is made available to customers and all other revenue recognition criteria have been satisfied. If, at the outset of an arrangement, revenue cannot be measured reliably, revenue recognition is deferred until the relating fees become due and payable by the customer. Additionally, if at the outset of an arrangement it is determined that collectability is not probable, revenue recognition is deferred until the earlier of when collectability becomes probable or payment is received.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

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

Note 2. Significant accounting policies (continued)

Interest income is recognised as interest accrues using the effective interest method
Interest income 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.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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

Note 2. Significant accounting policies (continued)

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 allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Government grant receivable for research and development tax incentive ('R&D') is recognised to the degree that the Group can reliably estimate that R&D expenditure for the full year will fall within the eligibility requirements. Advances in other receivables are provided as an advance contractual payment generally covering the payable expected to accrue over a 60-90 day period.

The accounting policy in place for the prior year was as follows;
Trade receivables, which generally have 30 – 60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. The government grant receivable for R&D tax incentives is recognised to the degree that the Group can reliably estimate that R&D expenditure for the full year will fall within the eligibility requirements. Advances in Other receivables are provided as an advance contractual payment generally covering the payable expected to accrue over a 60-90 day period. Trade and other receivables with maturity greater than 12 months after reporting date are classified as non-current.

Contract assets
Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Plant and equipment
Plant and equipment are 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 diminishing value basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-10 years

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

The Brain Resource International Database and associated analysis tools (‘BRID’) is treated as a single integrated asset for presentation and impairment testing. Amortisation of components of BRID that are ready for use are calculated on a straight line basis over 5 years.

Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Fair value less costs of disposal is determined by the directors based on an assessment of the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Note 2. Significant accounting policies (continued)

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group 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.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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 wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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

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

Share-based payments
Equity-settled share-based compensation benefits are provided to employees and contractors.

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

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

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

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 2. Significant accounting policies (continued)

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 2. Significant accounting policies (continued)

Earnings per share

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

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

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

Note 2. Significant accounting policies (continued)

Impact of adoption of AASB 16
The Group will adopt AASB 16 from 1 July 2019 and has elected to use the modified transitional approach not to restate comparatives. Furthermore the Group has elected to continue to account for leases as operating leases where the lease term ends within 12 months of the date of initial application.

As detailed in note 25, the Group's undiscounted operating leases, on transition amounts to $84,622, of which 3 leases representing $78,465 will expire within 12 months and therefore will continue to be accounted for as operating leases using the transitional provisions. The balance representing 1 lease amounting to $6,157 will be discounted using the Group's incremental borrowing rate at the date of initial application and be capitalised as a finance lease as at 1 July 2019.

New Conceptual Framework for Financial Reporting
A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the Group has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the Group may need to revisit such policies.

Note 3. Critical accounting judgements, estimates and assumptions

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

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

Determination of variable consideration
Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to goods or services that have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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

Goodwill and other intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. Management have assessed the entire business as one cash-generating unit ('CGU'). The recoverable amount of this CGU has been determined based on fair value less costs of disposal, using a market capitalisation approach as detailed in note 13.

Research and development costs
Research and development costs are only capitalised by the Group when the feasibility of completing the intangible asset is valid and likely to result in a saleable asset.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into one operating segment being the development and commercialisation of brain health products, primarily delivered to a range of users through the one Total Brain platform. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Major customers
During the year ended 30 June 2019, approximately $1,000,000 (2018: $900,000) of the Group's external revenue was derived from sales to 2 corporate and affinity customers.

Geographical information
The majority of revenue is derived in the United States.

Note 5. Revenue

	Consolidated 2019 $	Consolidated 2018 $
Revenue from contracts with customers		
Total Brain* – Corporate	1,788,391	1,341,690
Total Brain* – Affinity	194,138	504,008
Total Brain* – All other	85,471	249,354
Clinical **	323,631	478,421
Discovery***	42,762	35,517
iSPOT****	167,744	-
	2,602,137	2,608,990
Other revenue		
Interest	-	8,155
Other revenue	-	(1,358)
	-	6,797
Revenue	2,602,137	2,615,787

Revenue from contracts with customers is derived from the Group's combined database which includes both BRID and iSpot data. The revenue is split based on go to market channels as follows:

* Total Brain revenue primarily comprises of fees received from customers to access the Group's software platform. Customers include:
Corporate - B2B customers who provide access to the Group's software platform to their employees;
Affinity - Partners who provide access to the Group's software platform to their members; and
All other - Other miscellaneous Total Brain revenue.

** Clinical revenue comprises of revenue from clinics who provide access to the Group's software platform to their clients.

*** Discovery revenue comprises of revenue which is primarily received from academic institutions that use the Group's software platform to collect new data as part of their own studies.

**** iSpot revenue comprises of revenue received from customers who are provided access to the iSpot data.

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2019 $	Consolidated 2018 $
Major revenue lines		
Software license	2,391,631	-
Services and access fees	210,506	-
	2,602,137	-
Timing of revenue recognition		
Revenue transferred over time	2,391,631	-
Revenue transferred at a point in time	210,506	-
	2,602,137	-

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

Note 6. Expenses

	Consolidated 2019 $	Consolidated 2018 $
Loss before income tax includes the following specific expenses:		
Cost of sales		
Cost of equipment and third-party drug trial expense	318,585	122,207
Depreciation		
Plant and equipment	46,790	36,819
Amortisation		
Development	371,699	53,831
Total depreciation and amortisation	418,489	90,650
Impairment		
Goodwill	-	5,081,097
Development	1,380,680	8,487,143
Total impairment	1,380,680	13,568,240
Finance costs		
Interest and finance charges paid/payable	2,320	523,353
Net foreign exchange loss		
Net foreign exchange loss	45,562	14,855
Rental expense relating to operating leases		
Minimum lease payments	146,270	148,619
Superannuation expense		
Defined contribution superannuation expense	326,042	211,670
Share-based payments expense		
Share-based payments expense	148,790	1,206,097
Research and development tax incentive costs		
Research and development expenditure recognised as an expense	149,386	84,647

Note 7. Corporate and operating costs

	Consolidated 2019 $	Consolidated 2018 $
Insurance and professional fees	808,182	1,188,791
Communications expense	624,276	399,773
Marketing and agent support expenses	827,207	274,468
Occupancy expenses	649,661	286,609
Travel expenses	303,617	236,458
Other expenses	119,393	156,219
	3,332,336	2,542,318

Note 8. Income tax

	Consolidated 2019 $	Consolidated 2018 $
Income tax benefit		
Deferred tax - origination and reversal of temporary differences	-	(846,340)
Aggregate income tax benefit	-	(846,340)
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities	-	(846,340)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(8,570,754)	(23,947,680)
Tax at the statutory tax rate of 27.5%	(2,356,957)	(6,585,612)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	40,917	788,317
Share of loss - joint ventures	-	(23,219)
Permanent differences from research and development refund	94,829	564,054
Effect of FX movement on translation	213,772	204,236
Sundry items	12,590	1,777
	(1,994,849)	(5,050,447)
Current year tax losses not recognised	1,109,868	497,884
Prior year tax losses not recognised now recouped	581,052	3,823,635
Difference in overseas tax rates	4,538	568
Prior year (over) / under provisions	299,391	(117,980)
Income tax benefit	-	(846,340)

	Consolidated 2019 $	Consolidated 2018 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	27,100,000	20,000,000
Potential tax benefit @ 27.5%	7,452,500	5,500,000

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Brain Resource, Inc., incorporated in California USA has carry-forward unused tax losses of $15,600,000 as at 30 June 2019 (2018: $11,200,000). The Company recognised deferred tax assets in respect of these tax losses as at 30 June 2019 of $nil (2018: $nil). The losses remain available to offset future income tax, but the directors have chosen not to recognise a deferred tax asset in respect of them, until it is demonstrated that the realisation of the deferred tax is more likely than not.

Note 8. Income tax (continued)

The Australian based companies have carry-forward unused tax losses of $25,800,000 as of 30 June 2019 (2018: $21,600,000). The Company concluded that $3,900,000 (2018: $3,500,000) of the deferred tax asset relating to carry-forward unused tax losses in Australia is recoverable, within the requisite timeframes, based on budget estimates for future taxable income as approved by the Company's Board of Directors.

	Consolidated	
	2019	2018
	$	$
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Development costs	3,852,561	3,648,185
Losses carried forward	(11,839,369)	(9,575,542)
Tax losses not recognised as DTA	7,936,033	6,063,700
Provisions	(115,144)	(142,554)
Foreign exchange	233,966	204,235
Other	(2,882)	(132,859)
Deferred tax liability	65,165	65,165
Movements:		
Opening balance	65,165	911,505
Credited to profit or loss	-	(846,340)
Closing balance	65,165	65,165

Note 9. Current assets - cash and cash equivalents

	Consolidated	
	2019	2018
	$	$
Cash at bank	5,214,802	6,590,972
Cash on deposit	-	25,000
	5,214,802	6,615,972

Note 10. Current assets - trade and other receivables

	Consolidated	
	2019	2018
	$	$
Trade receivables	654,498	634,836
Less: Allowance for expected credit losses	(172)	(19,002)
	654,326	615,834
Other receivables	6,834	176,372
Government grant receivable for research and development tax incentive (R&D)	150,000	525,000
	156,834	701,372
	811,160	1,317,206

Note 10. Current assets - trade and other receivables (continued)

Allowance for expected credit losses
The consolidated entity has recognised a loss of $13,354 (2018: $30,057) in profit or loss in respect of the expected credit losses for the year ended 30 June 2019.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2019 %	Carrying amount 2019 $	Allowance for expected credit losses 2019 $
Not overdue	-	516,050	-
0 to 3 months overdue	-	135,713	-
3 to 6 months overdue	6.28%	2,735	172
		654,498	172

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2019 $	2018 $
Opening balance	19,002	-
Additional provisions recognised	32,786	30,794
Receivables written off during the year as uncollectable	(32,758)	(11,792)
Unused amounts reversed	(18,858)	-
Closing balance	172	19,002

Note 11. Current assets - contract assets

	Consolidated 2019 $	2018 $
Contract assets	89,935	-

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

	2019	2018
Opening balance	-	-
Additions	89,935	-
Closing balance	89,935	-

Note 12. Non-current assets - plant and equipment

	Consolidated 2019 $	Consolidated 2018 $
Plant and equipment - at cost	1,272,376	1,193,656
Less: Accumulated depreciation	(1,025,027)	(972,020)
	247,349	221,636

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

Consolidated	Plant and equipment $
Balance at 1 July 2017	167,856
Additions	94,303
Exchange differences	(3,704)
Depreciation expense	(36,819)
Balance at 30 June 2018	221,636
Additions	78,520
Exchange differences	(6,017)
Depreciation expense	(46,790)
Balance at 30 June 2019	247,349

Note 13. Non-current assets - intangibles

	Consolidated 2019 $	Consolidated 2018 $
Goodwill - at cost	-	5,081,097
Less: Impairment	-	(5,081,097)
	-	-
Development - at cost	27,117,740	25,124,621
Less: Accumulated amortisation	(2,349,899)	(1,978,200)
Less: Accumulated impairment	(9,867,823)	(8,487,143)
	14,900,018	14,659,278
	14,900,018	14,659,278

Note 13. Non-current assets - intangibles (continued)

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

Consolidated	Goodwill $	Development $	Total $
Balance at 1 July 2017	-	22,420,786	22,420,786
Additions	-	1,646,395	1,646,395
Additions through business combinations (note 28)	5,081,097	-	5,081,097
R&D tax incentive	-	(866,929)	(866,929)
Impairment of assets	(5,081,097)	(8,487,143)	(13,568,240)
Amortisation expense	-	(53,831)	(53,831)
Balance at 30 June 2018	-	14,659,278	14,659,278
Additions	-	2,585,125	2,585,125
R&D tax incentive	-	(592,006)	(592,006)
Impairment of assets	-	(1,380,680)	(1,380,680)
Amortisation expense	-	(371,699)	(371,699)
Balance at 30 June 2019	-	14,900,018	14,900,018

Impairment testing
The intangible assets are tested for impairment as a single Cash Generating Unit ('CGU'), as the individual assets do not currently generate largely independent cash flows.

As at the reporting date, the intangible assets were tested for impairment, where the recoverable amount was based on fair value less costs of disposal. Fair value is determined by the Directors and management based on an assessment of the price that would be received to sell the intangibles of the Group, including the Brain Resource International Database ('BRID') and iSPOT in an orderly transaction between market participants at the measurement date.

The approach and key assumptions used in the assessment of fair value was predominantly based on reference to the market capitalisation of the Company as at the reporting date and the Group's other assets and liabilities. This assessment was further validated using the revenue multiple valuation approach, utilising a revenue multiple average of 6.7 (2018: 8) times revenue, as per the internet software industry comparatives for listed companies.

The carrying amount was higher than recoverable amount and therefore the intangible assets were written down to recoverable amount resulting in a further impairment expense of $1,380,680 (2018: $13,568,240). As the valuation was based on a combination of observable market data and unobservable inputs, the valuation was considered to be level 2 in the fair value hierarchy.

Sensitivity
As disclosed in note 3, the Directors have made judgements and estimates in respect of impairment testing of intangible assets. If there are any negative changes in the key assumptions on which the recoverable amount was based, this would result in a further impairment charge.

That said, the Directors are actively exploring alternative revenue streams for the Group's differentiated iSPOT depression and ADHD assets. It should be noted that where, in future periods, the Group generates revenue from those assets thereby increasing the valuation of the intangible assets, the impairment loss can be reversed. However goodwill can never be reversed.

Note 14. Current liabilities - trade and other payables

	Consolidated 2019 $	Consolidated 2018 $
Trade payables	248,493	224,817
Accrued expenses	207,474	93,809
Deferred income	-	29,398
Other payables	1,991	141,452
	457,958	489,476

Refer to note 21 for further information on financial instruments.

Note 15. Current liabilities - contract liabilities

	Consolidated 2019 $	Consolidated 2018 $
Contract liabilities	209,489	-

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

	2019 $	2018 $
Opening balance	-	-
Payments received in advance	380,348	-
Transfer to revenue - included in the opening balance	(170,859)	-
Closing balance	209,489	-

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $209,489 as at 30 June 2019 ($nil as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

	Consolidated 2019 $	Consolidated 2018 $
Within 6 months	112,741	-
6 to 12 months	96,748	-
	209,489	-

Note 16. Current liabilities - employee benefits

	Consolidated 2019 $	Consolidated 2018 $
Annual leave	281,543	391,092
Long service leave	103,458	97,403
	385,001	488,495

Note 17. Non-current liabilities - employee benefits

	Consolidated 2019 $	Consolidated 2018 $
Long service leave	33,704	29,884

Note 18. Equity - issued capital

	Consolidated 2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	777,688,418	531,259,868	64,753,937	58,080,521

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2017	166,015,204		37,516,453
Issue of shares to key management personnel	2 August 2017	1,125,000	$0.0800	90,000
Issue of shares for the conversion of the convertible bonds and the exchange of exchangeable convertible preference shares - non cash received	15 December 2017	175,000,000	$0.0900	15,750,000
Issue of shares	19 December 2017	168,286,348	$0.0600	10,097,181
Issue of shares under Share Purchase Plan (SPP)	12 January 2018	8,724,982	$0.0600	523,500
Issue of shares under Share Purchase Plan (SPP)	2 February 2018	12,108,334	$0.0600	726,500
Transfer of equity component of convertible bond		-	$0.0000	(5,738,665)
Share issue transaction costs, net of tax				(884,448)
Balance	30 June 2018	531,259,868		58,080,521
Issue of shares	22 March 2019	132,814,948	$0.0280	3,718,818
Issue of shares	11 April 2019	32,027,748	$0.0280	896,777
Issue of shares	1 May 2019	25,115,107	$0.0280	703,223
Issue of shares	7 May 2019	55,470,747	$0.0280	1,553,180
Issue of shares	9 May 2019	1,000,000	$0.0280	28,000
Share issue transaction costs, net of tax				(226,582)
Balance	30 June 2019	777,688,418		64,753,937

Note 18. Equity - issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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

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

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

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is not subject to any financing covenants.

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

Note 19. Equity - reserves

	Consolidated	
	2019 $	2018 $
Foreign currency reserve	581,846	395,053
Share-based payments reserve	3,651,896	3,503,106
	4,233,742	3,898,159

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

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

Note 19. Equity - reserves (continued)

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

Consolidated	Foreign currency $	Share-based payments $	Total $
Balance at 1 July 2017	-	664,939	664,939
Foreign currency translation	395,053	-	395,053
Share-based payments	-	2,838,167	2,838,167
Balance at 30 June 2018	395,053	3,503,106	3,898,159
Foreign currency translation	186,793	-	186,793
Share-based payments	-	148,790	148,790
Balance at 30 June 2019	581,846	3,651,896	4,233,742

Note 20. Equity - dividends

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

Note 21. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

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

Consolidated	Assets 2019 $	Assets 2018 $	Liabilities 2019 $	Liabilities 2018 $
US dollars	4,742,510	6,580,972	517,527	115,101

Note 21. Financial instruments (continued)

The Group had net assets denominated in foreign currencies of $4,224,983 (assets of $4,742,510 less liabilities of $517,527) as at 30 June 2019 (2018: $6,465,871 (assets of $6,580,972 less liabilities of $115,101)). Based on this exposure, had the Australian dollars weakened/strengthened by 10% (2018: weakened/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been $561,003 lower/higher (2018: $427,115 lower/higher) and equity would have been $462,106 lower/higher (2018: $309,658 lower/higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2019 was $45,562 (2018: loss of $14,855).

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from short-term deposits. Interest rates applicable to cash financial assets were 0.4% (2018: 0.4%) with maturities of less than 1 year. All other balances are non-interest-bearing.

The Group's exposure to market interest rates relates primarily to the short term deposits. The Board has formed the view that these funds be held in either bank deposits or AAA short term bonds. Currently holdings are in cash deposits with the National Australia Bank and Citibank. Based on an average cash balance, constant currency weightings and an average interest rate, a +/-10% increase in interest rates would have equated to a change in the after tax result of around -/+ 0% (2018: -/+0%).

As at the reporting date, the Group had the following variable rate short-term deposits outstanding:

	2019		2018	
Consolidated	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Cash and short-term deposits	0.40%	5,214,802	0.40%	6,615,972
Net exposure to cash flow interest rate risk		5,214,802		6,615,972

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

Credit risk
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 a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for expected credit losses of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

The Group has a credit risk exposure with a major US affinity group, which as at 30 June 2019 owed the Group $355,957 (54% of trade receivables) (2018: $322,447 51% of trade receivables). This balance was within its terms of trade and no impairment was made as at 30 June 2019. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

Note 21. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
The Group's objective is to maintain a balance between continuity of funding and flexibility, including through accessing new equity funding. All Trade creditors and other payables and interest-bearing loans have a maturity profile of being repayable within six months (2018: within six months).

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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

Consolidated - 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	250,484	-	-	-	250,484
Contract liabilities	-	209,489	-	-	-	209,489
Total non-derivatives		459,973	-	-	-	459,973

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	395,667	-	-	-	395,667
Total non-derivatives		395,667	-	-	-	395,667

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

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 22. Key management personnel disclosures

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

	Consolidated 2019 $	Consolidated 2018 $
Short-term employee benefits	1,935,408	1,337,753
Post-employment benefits	435	12,894
Share-based payments	74,882	889,216
	2,010,725	2,239,863

Note 23. Remuneration of auditors

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

	Consolidated 2019 $	Consolidated 2018 $
Audit services - Grant Thornton		
Audit or review of the financial statements	113,500	110,000
Other services - Grant Thornton		
Other services	5,000	35,000
	118,500	145,000

Note 24. Contingent liabilities

The Group has a contingent liability in respect of an unresolved legal case regarding a dispute with a former staff member. As the case is at an early state of proceedings, it is not possible to determine the likelihood or amount of any settlement should the Group not be successful in litigating the case.

The Group has given bank guarantees as at 30 June 2019 of $10,500 (2018: $25,000) to various landlords.

Note 25. Commitments

	Consolidated 2019 $	Consolidated 2018 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	82,709	111,969
One to five years	1,913	54,782
	84,622	166,751

Operating lease commitments includes contracted amounts for office premises and server hosting under non-cancellable operating leases expiring within two years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 26. Related party transactions

Parent entity
Total Brain Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

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

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2019 $	2018 $
Current receivables:		
Loan to key management personnel	-	102,553

In the prior year, the Company entered a short-term interest-free loan agreement with Mr Gagnon for US$59,954 and other employees for US$14,546. Mr Gagnon and the employees subsequently purchased shares in the Company. The loans were repaid during the current year.

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

Note 27. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2019 $	2018 $
Loss after income tax	(8,383,962)	(31,609,245)
Total comprehensive income	(8,383,962)	(31,609,245)

Note 27. Parent entity information (continued)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	11,248	1,197
Total assets	20,414,240	21,974,397
Total current liabilities	-	910
Total liabilities	194,340	192,742
Equity		
Issued capital	64,753,937	58,080,520
Share-based payments reserve	3,651,896	3,503,106
Accumulated losses	(48,185,933)	(39,801,971)
Total equity	20,219,900	21,781,655

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 28. Business combinations

PoweringUpMBS Pty Ltd (prior period)
On 14 December 2017, the Company acquired control of PoweringUpMBS Pty Ltd by acquiring the remaining 50% of ordinary shares for the total consideration transferred of $5,728,224. This investment was previously a 50% equity interest in a joint venture company whose business was to develop a new Attention Deficit Hyperactivity Disorder product. The acquisition was a part of the overall re-capitalisation of the group, whereby the Company announced on 25 October 2017 that it had secured a $10,000,000 investment by way of a placement of ordinary shares to fund the Company's aggressive growth plans in the USA.The fundraising was conditional on shareholder approval of a capital restructure whereby the convertible bond (CB) holders (CB Holders) in the Company and the Exchangeable Convertible Preference Share (ECPS) holders (ECPS Holders) in PoweringUpMBS Pty Ltd were to convert and exchange all of their rights and interest in the CB's and ECPS's into ordinary shares in the Parent Company (Total Brain Limited) and the Company would also issue options to entities nominated by the CB Holders and ECPS Holders. PoweringUPMBS Pty Ltd then became a 100% wholly owned subsidiary of Total Brain Limited. The acquired business contributed revenues of $12 and profit after tax of $124 to the Group for the period from 14 November 2017 to 30 June 2018. If the acquisition occurred on 1 July 2017, the full year contributions would have been revenues of $2,616,918 and loss after tax of $23,185,774. The values identified in relation to the acquisition of PoweringUpMBS Pty Ltd are final as at 30 June 2018.

Details of the acquisition are as follows:

	Fair value $
Cash and cash equivalents	18,154
Financial assets	628,473
Other current assets	500
Net assets acquired	647,127
Goodwill	5,081,097
Acquisition-date fair value of the total consideration transferred	5,728,224
Representing:	
Total Brain Limited shares issued to vendor	4,500,000
Prior investments in PoweringUpMBS Pty Ltd	1,228,224
	5,728,224

The fair value of the Company's equity interest in PoweringUpMBS Pty Ltd held just before 14 December 2017 was $1,228,224. No gain or loss was recognised as a result of remeasurement.

The fair value of the shares issued as consideration was determined by reference to the share price of the Company on 14 December 2017, being $0.09 (50,000,000 shares at $0.09 = $4,500,000).

The Company has since impaired 100% of the goodwill acquired.

Note 29. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
BRC Operations Pty Ltd	Australia	100.00%	100.00%
BRC IP Pty Ltd	Australia	100.00%	100.00%
BRC Distribution Pty Ltd	Australia	100.00%	100.00%
BRC International Pty Ltd	Australia	100.00%	100.00%
BRC Development Pty Ltd	Australia	100.00%	100.00%
PoweringUpMBS Pty Ltd	Australia	100.00%	100.00%
Brain Resource, Inc.	United States	100.00%	100.00%
MyBrainSolutions, Inc	United States	100.00%	100.00%
Brain Resource Europe Limited	Ireland	100.00%	100.00%

Note 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax benefit for the year	(8,570,754)	(23,101,340)
Adjustments for:		
Depreciation and amortisation	418,489	90,650
Impairment of intangibles	1,380,680	13,568,240
Share of loss - joint ventures	-	42,238
Share-based payments	148,790	2,866,607
Foreign exchange differences	45,562	14,855
Impairment of receivables	13,526	30,057
Research and development tax incentive	960,172	466,929
Finance costs - non-cash	-	516,941
Loss on conversion of convertible bond	-	3,166,358
Non-cash payment to supplier	-	90,386
Change in operating assets and liabilities:		
Increase in trade and other receivables	(128,815)	(341,464)
Increase in prepayments	-	(197)
Increase/(decrease) in trade and other payables	177,971	(244,841)
Decrease in deferred tax liabilities	-	(846,341)
Decrease in employee benefits	(93,013)	(197,624)
Net cash used in operating activities	(5,647,392)	(3,878,546)

Note 31. Earnings per share

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax attributable to the owners of Total Brain Limited	(8,570,754)	(23,101,340)

Note 31. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	589,995,007	362,265,256
Weighted average number of ordinary shares used in calculating diluted earnings per share	589,995,007	362,265,256

	Cents	Cents
Basic earnings per share	(1.45)	(6.38)
Diluted earnings per share	(1.45)	(6.38)

195,485,598 options over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2019. These options could potentially dilute basic earnings per share in the future.

Note 32. Share-based payments

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to the personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Note 32. Share-based payments (continued)

Set out below are summaries of options granted under the plan:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
26/03/2014	26/03/2019	$0.3600	325,000	-	-	(325,000)	-
14/04/2015	14/04/2020	$0.3750	500,000	-	-	-	500,000
22/05/2017	22/05/2022	$0.0800	5,000,000	-	-	-	5,000,000
01/07/2017	17/05/2022	$0.0800	4,765,377	-	-	-	4,765,377
01/07/2017	17/05/2022	$0.1200	588,459	-	-	-	588,459
01/07/2017	17/05/2022	$0.1600	1,176,918	-	-	-	1,176,918
16/07/2017	16/07/2022	$0.0800	17,366,478	-	-	-	17,366,478
16/07/2017	16/07/2022	$0.1200	4,455,493	-	-	-	4,455,493
16/07/2017	16/07/2022	$0.1600	8,910,986	-	-	-	8,910,986
24/07/2017	24/07/2022	$0.0800	8,951,563	-	-	-	8,951,563
24/07/2017	24/07/2022	$0.1200	2,650,521	-	-	-	2,650,521
24/07/2017	24/07/2022	$0.1600	5,301,042	-	-	-	5,301,042
07/08/2017	07/08/2022	$0.0800	480,202	-	-	-	480,202
07/08/2017	07/08/2022	$0.1200	480,202	-	-	-	480,202
07/08/2017	07/08/2022	$0.1600	960,404	-	-	-	960,404
14/12/2017	22/05/2022	$0.0800	28,232,956	-	-	-	28,232,956
14/12/2017	22/05/2022	$0.1200	9,410,985	-	-	-	9,410,985
14/12/2017	22/05/2022	$0.1600	18,821,970	-	-	-	18,821,970
08/01/2018	07/01/2023	$0.0800	1,920,810	-	-	-	1,920,810
08/01/2018	07/01/2023	$0.1200	1,920,810	-	-	-	1,920,810
08/01/2018	07/01/2023	$0.1600	3,841,620	-	-	-	3,841,620
02/02/2018	19/12/2018	$0.0800	381,901	-	-	(381,901)	-
24/02/2018	23/02/2023	$0.0800	300,000	-	-	-	300,000
28/02/2018	27/02/2023	$0.0800	300,000	-	-	-	300,000
01/04/2018	31/03/2023	$0.0800	2,202,862	-	-	(603,516)	1,599,346
01/04/2018	31/03/2023	$0.1200	1,905,833	-	-	(464,356)	1,441,477
01/04/2018	31/03/2023	$0.1600	2,796,916	-	-	(881,837)	1,915,079
01/04/2018	31/03/2023	$0.2400	1,905,833	-	-	(464,356)	1,441,477
13/06/2018	12/06/2023	$0.0800	146,484	-	-	(146,484)	-
13/06/2018	12/06/2023	$0.1200	146,484	-	-	(146,484)	-
13/06/2018	12/06/2023	$0.1600	146,484	-	-	(146,484)	-
13/06/2018	12/06/2023	$0.2400	146,484	-	-	(146,484)	-
29/04/2019	28/04/2024	$0.0800	-	480,202	-	-	480,202
29/04/2019	28/04/2024	$0.1200	-	480,202	-	-	480,202
29/04/2019	28/04/2024	$0.1600	-	960,404	-	-	960,404
			136,441,077	1,920,808	-	(3,706,902)	134,654,983
Weighted average exercise price			$0.1150	$0.1300	$0.0000	$0.1600	$0.1140

Note 32. Share-based payments (continued)

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
26/03/2014	26/03/2019	$0.3600	500,000	-	-	(175,000)	325,000
14/04/2015	14/04/2020	$0.3750	825,000	-	-	(325,000)	500,000
22/05/2017	22/05/2022	$0.0800	-	5,000,000	-	-	5,000,000
01/07/2017	17/05/2022	$0.0800	-	4,765,377	-	-	4,765,377
01/07/2017	17/05/2022	$0.1200	-	588,459	-	-	588,459
01/07/2017	17/05/2022	$0.1600	-	1,176,918	-	-	1,176,918
16/07/2017	16/07/2022	$0.0800	-	17,366,478	-	-	17,366,478
16/07/2017	16/07/2022	$0.1200	-	4,455,493	-	-	4,455,493
16/07/2017	16/07/2022	$0.1600	-	8,910,986	-	-	8,910,986
24/07/2017	24/07/2022	$0.0800	-	8,951,563	-	-	8,951,563
24/07/2017	24/07/2022	$0.1200	-	2,650,521	-	-	2,650,521
24/07/2017	24/07/2022	$0.1600	-	5,301,042	-	-	5,301,042
07/08/2017	07/08/2022	$0.0800	-	480,202	-	-	480,202
07/08/2017	07/08/2022	$0.1200	-	480,202	-	-	480,202
07/08/2017	07/08/2022	$0.1600	-	960,404	-	-	960,404
14/12/2017	22/05/2022	$0.0800	-	28,232,956	-	-	28,232,956
14/12/2017	22/05/2022	$0.1200	-	9,410,985	-	-	9,410,985
14/12/2017	22/05/2022	$0.1600	-	18,821,970	-	-	18,821,970
08/01/2018	07/01/2023	$0.0800	-	1,920,810	-	-	1,920,810
08/01/2018	07/01/2023	$0.1200	-	1,920,810	-	-	1,920,810
08/01/2018	07/01/2023	$0.1600	-	3,841,620	-	-	3,841,620
02/02/2018	19/12/2018	$0.0800	-	381,901	-	-	381,901
24/02/2018	23/02/2023	$0.0800	-	300,000	-	-	300,000
28/02/2018	27/02/2023	$0.0800	-	300,000	-	-	300,000
01/04/2018	31/03/2023	$0.0800	-	2,202,862	-	-	2,202,862
01/04/2018	31/03/2023	$0.1200	-	1,905,833	-	-	1,905,833
01/04/2018	31/03/2023	$0.1600	-	2,796,916	-	-	2,796,916
01/04/2018	31/03/2023	$0.2400	-	1,905,833	-	-	1,905,833
13/06/2018	12/06/2023	$0.0800	-	146,484	-	-	146,484
13/06/2018	12/06/2023	$0.1200	-	146,484	-	-	146,484
13/06/2018	12/06/2023	$0.1600	-	146,484	-	-	146,484
13/06/2018	12/06/2023	$0.2400	-	146,484	-	-	146,484
			1,325,000	135,616,077	-	(500,000)	136,441,077
Weighted average exercise price			$0.0000	$0.1140	$0.0000	$0.3700	$0.1150

Note 32. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2019 Number	2018 Number
26/03/2014	26/03/2019	-	325,000
14/04/2015	14/04/2020	500,000	500,000
22/05/2017	22/05/2022	5,000,000	5,000,000
01/07/2017	17/05/2022	4,765,377	4,765,377
01/07/2017	17/05/2022	1,176,918	588,459
16/07/2017	16/07/2022	21,821,971	17,366,478
24/07/2017	24/07/2022	11,602,084	8,951,563
07/08/2017	07/08/2022	960,404	-
14/12/2017	22/05/2022	47,054,926	37,643,941
08/01/2018	07/01/2023	1,920,810	-
02/02/2018	19/12/2018	-	381,901
24/02/2018	23/02/2023	120,000	-
28/02/2018	27/02/2023	120,000	-
01/04/2018	31/03/2023	2,072,948	-
29/04/2019	28/04/2024	480,202	-
		97,595,640	75,522,719

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.05 years (2018: 3.27 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
29/04/2019	28/04/2024	$0.0279	$0.0800	28.07%	-	1.58%	$0.0007
29/04/2019	28/04/2024	$0.0279	$0.1200	28.07%	-	1.58%	$0.0002
29/04/2019	28/04/2024	$0.0279	$0.1600	28.07%	-	1.58%	$0.0000

Note 33. Events after the reporting period

On 29 August 2019, the Company announced that it had partnered with IBM (NYSE: IBM) whereby IBM will embed Total Brain in IBM's THRIVE360° of Mental Fitness platform as core functionality.

IBM's THRIVE360° of Mental Fitness platform powers GRIT (Get Results in Transition) a collaboration between IBM and The United States Department of Veterans Affairs (VA). GRIT is a digital solution for veterans, active-duty service members, and reservists that provides a mobile experience to help them understand and strengthen their mental fitness, social connections, and overall well-being.

GRIT is the first instantiation of the bigger platform called THRIVE360° of Mental Fitness, which IBM intends to deploy with other communities under stress or in transition.

IBM will collaborate with Total Brain to monitor mental health and build mental fitness. Total Brain provides scientific brain assessments and personalised brain and mind training to help users consolidate mental strengths and master weaknesses.

Due to the early stages of the partnership with IBM, an estimate of the financial effect on the Group's results in future financial years cannot be made.

Note 33. Events after the reporting period (continued)

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

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Dr E Gordon

Dr Evian Gordon
Chairman

30 August 2019

Level 18, 145 Ann Street
Brisbane QLD 4000

Correspondence to:
GPO Box 1008
Brisbane QLD 4001

T +61 7 3222 0200
F +61 7 3222 0444
E info.qld@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report

To the Members of Total Brain Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Total Brain Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which outlines the current uncertainties the Group faces in relation to going concern. The Group incurred a net loss of $8,570,754 during the year ended 30 June 2019, which, when combined with the items stated in Note 2, indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. 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.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (Note 5)	
The Group has recognised $2.6m of revenue during the period and has adopted *AASB 15 Revenue from Contracts with Customers* for the first time. *AASB 15 Revenue from Contracts with Customers* changes the revenue recognition requirements and requires companies to assess revenue recognition using a five step model. This area is a key audit matter due to this first time adoption including recognition and disclosure changes.	Our procedures included, amongst others: • Understanding and documenting the key processes and controls used to record revenue; • Reviewing revenue recognition policies and Management's assessment for the adoption of *AASB 15*; • Performing cut-off testing to assess whether revenue has been recorded in the correct period by inspecting supporting documentation; • Analytically reviewing revenue values and associated ratios, with any items outside of audit expectations investigated further; • Sampling revenue transactions statistically from the general ledger and testing whether revenue recognition is appropriate by agreeing through to a sales contract, assessing the identification of performance obligations and variable considerations, and evaluating the timing of revenue recognition; and • Evaluating the adequacy of related disclosures in the financial report.
Intangibles impairment (Note 13)	
The Group has internally generated intangible assets primarily consisting of research databases and technology platforms, totalling $14,900,018 as at 30 June 2019. *AASB 136 Impairment of Assets* requires that an entity shall assess at least annually whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset. Irrespective of whether indicators exist, where the intangible assets are not yet available for use or have an indefinite useful life, an impairment test is required annually. This area is a key audit matter due to the inherent subjectivity involved in Management's judgements in estimating the recoverable amount as part of evaluating potential impairment.	Our procedures included, amongst others: • Obtaining Management's impairment model; • Assessing the methodology used by Management against the requirements of Australian Accounting Standard AASB 136; • Assessing Management's determination of the Group's CGUs based on our understanding of the business; • Evaluating the appropriateness of key assumptions and inputs used in the calculations, by obtaining corroborating evidence; • Undertaking a sensitivity analysis on key inputs; • Testing the mathematical accuracy of the model; and • Evaluating the adequacy of the disclosures relating to intangible assets in the financial report.

Information other than the financial report and auditor's report thereon

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

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

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

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

Grant Thornton

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. 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 15 to 22 of the directors' report for the year ended 30 June 2019.

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

Responsibilities

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

Grant Thornton

Grant Thornton Audit Pty Ltd

Chartered Accountants

Cameron Smith

CDJ Smith

Partner – Audit & Assurance

Brisbane, 30 August 2019

The shareholder information set out below was applicable as at 21 August 2019.

Distribution of equitable securities

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

	Number of holders of ordinary shares	Number of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	24	2,147	-
1,001 to 5,000	9	29,888	-
5,001 to 10,000	56	516,098	-
10,001 to 100,000	242	11,045,971	6
100,001 and over	320	766,094,314	27
	651	777,688,418	33
Holding less than a marketable parcel	180	2,147,286	-

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares Number held	% of total shares issued
CITICORP NOMINEES PTY LIMITED	213,373,445	27.44
CS THIRD NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 13 A/C)	50,625,000	6.51
STUTTGART PTY LTD	39,000,001	5.01
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LTD (NO 1 ACCOUNT)	36,513,319	4.70
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	33,171,748	4.27
INVIA CUSTODIAN PTY LIMITED (TORRIBLE SUPER FUND A/C)	25,573,111	3.29
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	22,180,978	2.85
GARRETT WALKER	12,575,452	1.62
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11,568,277	1.49
DR EVIAN GORDON	11,240,248	1.45
GLENEAGLE SECURITIES (AUST) PTY LTD	11,000,000	1.41
DBPC GROUP FINANCE PTY LTD (DBPC GROUP FINANCE A/C)	10,250,000	1.32
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	9,196,393	1.18
CEYX HOLDINGS PTY LTD	9,000,000	1.16
MR TIM YATES	7,154,406	0.92
COLEMAN FUNG	7,154,406	0.92
SPINITE PTY LTD	6,655,429	0.86
BAXTER MANOR PTY LTD	6,517,545	0.84
UBS NOMINEES PTY LTD	5,900,000	0.76
INVIA CUSTODIAN PTY LIMITED (TORRIBLE FAMILY A/C)	5,852,635	0.75
	534,502,393	68.75

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	195,485,598	33

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
Louis Gagnon	Unlisted options	61,465,911
OZ Group	Unlisted options	50,000,000

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
CITICORP NOMINEES PTY LIMITED	213,373,445	27.44
CS THIRD NOMINEES PTY LIMITED (HSBC CUST NOM AU LTD 13 A/C)	50,625,000	6.51
STUTTGART PTY LTD	39,000,001	5.01

Voting rights

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

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

There are no other classes of equity securities.

TOTAL BRAIN

ANNUAL REPORT

Year Ended 30 June 2019

ir@totalbrain.com
totalbrain.com

ASX: TTB ABN 24 094 069 682