ACN 610 205 402

NEUROTECH INTERNATIONAL LIMITED

ANNUAL REPORT - 30 JUNE 2016

CONTENTS

CORPORATE DIRECTORY

DIRECTORS	Peter O'Connor (Chairman) Peter Griffiths (Deputy Chairman and Non-Executive Director) Adrian Attard Trevisan (Founder and Chief Scientific Officer) Wolfgang Johannes Storf (Chief Executive Officer) Simon Trevisan (Non-Executive Director) Anthony Trevisan (Alternative Director) Cheryl Tan (Non-Executive Director)
COMPANY SECRETARY	Fleur Hudson
REGISTERED AND PRINCIPAL OFFICE	Level 14 191 St Georges Terrace PERTH WA 6000 Telephone: (08) 9321 5922 Facsimile: (08) 9321 5932 Website: www.neurotechinternational.com Email: info@neurotechinternational.com
AUDITORS	BDO Audit (WA) Pty Ltd 38 Station Street SUBIACO WA 6008
SHARE REGISTRY	Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233
HOME EXCHANGE	Australian Securities Exchange Ltd Exchange Plaza 2 The Esplanade PERTH WA 6000 **ASX Code: NTI**
SOLICITORS	Jackson McDonald Level 17 225 St Georges Terrace PERTH WA 6000
BANKERS	St George Bank Level 2, Westralia Plaza 167 St Georges Terrace PERTH WA 6000

DIRECTORS' REPORT

The Directors present their report together with the financial report of Neurotech International Limited (**Company**) for the financial period ended 30 June 2016 and the Auditor's Report thereon.

BOARD OF DIRECTORS

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

- Peter O'Connor (Chairman – Appointed 15 January 2016)
- Peter Griffiths (Deputy Chairman and Non-Executive Director – Appointed 12 May 2016)
- Adrian Attard Trevisan (Technical Director – Appointed 15 January 2016)
- Wolfgang Johannes Storf (Chief Executive Officer – Appointed 12 May 2016)
- Simon Trevisan (Non-Executive Director – Appointed 15 January 2016)
- Anthony Trevisan (Alternative Director of Simon Trevisan – Appointed 14 June 2016)
- Cheryl Tan (Non-Executive Director – Appointed 5 September 2016)
- Fleur Hudson (Company Secretary – Appointed 15 January 2016)

Directors have been in office the entire period unless otherwise stated.

PRINCIPAL ACTIVITIES

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

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

DIVIDENDS PAID OR RECOMMENDED

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial period ended 30 June 2016 (2015: Nil).

OPERATING RESULTS

The consolidated Company's net loss after providing for income tax for the period ended 30 June 2016 amounted to $2,181,346 (31 December 2015: $839,413). At 30 June 2016, the Company has $1,007,536 between cash and cash equivalents and investments (31 December 2015: $1,881,635).

REVIEW OF OPERATIONS

Neurotech is a medical device and solutions Company incorporated in Australia, which operates through its Malta-based subsidiary, AAT Research.

Neurotech is developing neuro-stimulation and neuro-diagnostic solutions to be delivered via the **Mente platform**, an innovative platform technology to enable medical practitioners to remotely monitor and play an active role in home-based therapies. Neurotech has commercialised its first product which assists with the management of children with Autism Spectrum Disorder (**ASD**) with additional research and development commenced on a number of separate initiatives relating to tinnitus, anxiety, depression and epilepsy.

Its first product, **Mente Autism**, is a portable, electroencephalographic (**EEG**) medical device for home use that uses closed-loop neurofeedback to help relax the minds of children with ASD. Its unique technology creates personalised auditory stimulation which uses power ratios of different brain wave activity that are present in children with ASD to normalize the connectivity pathways in the brain.

The use of neurofeedback as a method to treat neurological conditions, including ASD, is not a new concept and has been around for some time, with experimentation in the area taking place more than 10 years ago. This need arose as a response to the limitations of existing treatments, including behavioural therapy and psychopharmacological and biomedical interventions, which may be associated with side effects, risks or require ongoing or long term treatment.

Neurofeedback has since emerged as a non-pharmaceutical treatment form, with benefits including a non-invasive approach which has been shown to enhance neuro regulation and metabolic function in patients with ASD. The key difference between previous work and what Neurotech has achieved with Mente Autism, is enabling the use of the technology safely in the home by making it small, wearable and affordable to the everyday family. This type of treatment was previously restricted to clinical institutions, yet Mente Autism's results to date are comparable to clinical EEG systems.

Neurotech has obtained a number of independent certifications, CE Marking (Mente Autism and Mente 2.0), FDA listing (Mente 2.0) as well as ISO certification (AAT Medical, a fully owned subsidiary of the Company), and is now focused on driving the commercialisation of the Mente Autism device.

Neurotech's primary mission is to improve the lives of people with neurological conditions, with a vision of becoming the global leader in home-use and clinical neurotechnology solutions which are accessible and affordable. Through its first flagship medical device, Mente Autism, and the associated software platform, Neurotech is focused on the development and commercialisation of technological solutions for the diagnosis and treatment of such conditions, starting with ASD.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the period other than the Company was capitalised and acquired the AAT Research Group.

CHANGE OF FINANCIAL YEAR END DATE

The board of directors (the "**Board**") of Neurotech International Limited (the "**Company**", together with its subsidiaries, the "**Group**") has resolved to change its consolidated financial year end from 31 December to 30 June. Accordingly, the current financial year end date of the Group is now 30 June 2016; the comparatives are for the year ended 31 December 2015.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

No matters or circumstances have arisen since 30 June 2016 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS

The Group expects to make its initial public offering in late 2016. The Group will continue to pursue its main objective of developing interests in design medical devices. Other than information disclosed elsewhere in this annual report, information on likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this directors' report because the directors believe, on reasonable grounds, that to include such information would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The Group's operations are subject to activities are governed by a range of environmental regulation under State legislation. As the Group is still in the development phase of its interests in exploration projects, it is not yet subject to the public reporting requirements of environmental legislation. To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

National Greenhouse and Energy Reporting Act 2007

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

INDEMNIFICATION OF DIRECTORS AND OFFICERS

(a) Indemnification

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

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

(b) Insurance Premiums

During the year ended 30 June 2016, the Company paid insurance premiums in respect of Directors and Officers Liability Insurance for Directors and Officers of the Company. The liabilities insured are for damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Company to the extent permitted by the *Corporations Act 2001*. On 29 July 2016, the AAT Research Limited paid an insurance premium of $3,272 (equivalent to Euro 2,220) covering the period from 29 July 2016 to 28 July 2017 (2015: A$3028 (equivalent to Euro 2,000)) and on 9 August 2016, the Neurotech International Limited paid an insurance premium of $13,950 covering the period from 9 August 2016 to 8 August 2017.

NON-AUDIT SERVICES

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

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

(a) all non-audit services were subject to the Corporate Governance procedures adopted by the Company; and

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

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

	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Non-Assurance Services		
BDO Corporate Finance – Investigating Accountants Report	9,000	-
Total remuneration for other assurance services	**9,000**	**-**
Taxation and Other services		
Chris Baldacchino & Associates (equivalent to €47,813 (2015: €34,260))	72,751	50,613
Total remuneration for Taxation and Other services	**72,751**	**50,613**
Total remuneration for non-audit services	**81,751**	**50,613**

AUDITORS INDEPENDENCE DECLARATION

The Auditors Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2016 has been received and can be found on page 9.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations Legislative Instrument 2016/191, issued by Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest dollar, or in certain cases, the nearest thousand dollars.

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

Signed on behalf of the Board of Directors.

Simon Trevisan
Non-Executive Director
Dated at Perth, Western Australia, this 12th September 2016

Wolfgang Johannes Storf
Chief Executive Officer
Dated at Perth, Western Australia, this 12th September 2016

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

As lead auditor of Neurotech International Limited for the period ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 12 September 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2016

		CONSOLIDATED	
	Notes	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
CONTINUING OPERATIONS			
Revenue	3	126,667	215,231
Cost of sales		(43,304)	(84,063)
Other income	4	41,158	101,010
Interest Income		150	-
Professional Consultant and Advisory		(98,719)	(36,357)
Professional Legal Fees		(42,888)	(12,011)
Corporate and Administration expenses		(222,626)	(172,757)
Depreciation and amortisation expense		(120,525)	(110,011)
Finance costs		(54,453)	(33,362)
Settlement Expenses		(113,913)	-
Advertising and Marketing		(36,802)	(37,776)
Impairment expense		(202,340)	-
Employee benefits expense	5	(469,461)	(435,982)
Share Based Payments Expense	6	(875,095)	-
Equipment and materials direct cost		(4,040)	(30,616)
Other expenses		(65,155)	(202,718)
PROFIT/(LOSS) BEFORE INCOME TAX		**(2,181,346)**	**(839,413)**
Income tax expense	7	-	-
PROFIT/(LOSS) AFTER INCOME TAX		**(2,181,346)**	**(839,413)**
Other comprehensive income/(loss)		-	-
Items that may be reclassified subsequently to profit or loss:			
Exchange Difference on translation of foreign operations		15,272	(141,031)
Total comprehensive income/(loss) for the period		**(2,166,074)**	**(980,444)**
Total comprehensive loss for the period is:			
Attributable to the owner of Neurotech International Ltd			
Basic loss per share (cents per share)		**(5.95)**	**(2.58)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2016

		CONSOLIDATED	
	Notes	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
CURRENT ASSETS			
Cash and cash equivalents	8	1,007,536	1,881,635
Trade and other receivables	9	247,271	213,399
Inventories	10	186,537	23,665
TOTAL CURRENT ASSETS		**1,441,344**	**2,118,699**
NON-CURRENT ASSETS			
Property, plant and equipment	11	551,323	382,388
Intangible assets	12	931,834	781,956
TOTAL NON-CURRENT ASSETS		**1,483,158**	**1,164,344**
TOTAL ASSETS		**2,924,502**	**3,283,043**
CURRENT LIABILITIES			
Trade and other payables	13	507,513	209,613
Short-term borrowings	14	621,709	1,401,339
TOTAL CURRENT LIABILITIES		**1,129,222**	**1,610,952**
NON-CURRENT LIABILITIES			
Long-term borrowings	14	323,900	377,413
TOTAL NON-CURRENT LIABITLIES		**323,900**	**377,413**
TOTAL LIABILITIES		**1,453,122**	**1,988,365**
NET ASSETS		**1,471,380**	**1,294,678**
EQUITY			
Contributed Equity	15	3,977,804	2,621,963
Other Reserves	16	850,304	(151,903)
Accumulated Loss	17	(3,356,728)	(1,175,382)
TOTAL EQUITY		**1,471,380**	**1,294,678**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

	Contributed Equity ($)	Accumulated Losses ($)	Foreign Currency Translation Reserve ($)	Total ($)
FINANCIAL YEAR ENDED 31 December 2015				
Balance at 1 January 2015	**187,800**	**(335,969)**	**(10,872)**	**(159,041)**
Profit/(Loss) for the year	-	(839,413)	-	(839,413)
Exchange Difference	-	-	(141,031)	(141,031)
Total comprehensive income/(loss)	**-**	**(839,413)**	**(141,031)**	**(980,444)**
Transactions with equity holders in their capacity as equity holders				
Contribution of Equity	2,434,163	-	-	2,434,163
Balance at 31 December 2015	**2,621,963**	**(1,175,382)**	**(151,903)**	**1,294,678**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2016

	Contributed Equity ($)	Accumulated Losses ($)	Capital Reserve ($)	Option Premium Reserve ($)	Foreign Currency Translation Reserve ($)	Total ($)
FINANCIAL PERIOD ENDED 30 JUNE 2016						
Balance at 1 January 2016	**2,621,963**	**(1,175,382)**	-	-	**(151,903)**	**1,294,678**
Profit/(Loss) for the period	-	(2,181,346)	-	-	-	(2,181,346)
Exchange Difference	-	-	-		15,272	15,272
Total comprehensive income/(loss)	**-**	**(2,181,346)**	**-**	**-**	15,272	**(2,166,074)**
Transactions with equity holders in their capacity as equity holders						
Capital Reserve	-	-	111,840	-	-	111,840
Contribution of Equity	1,418,289	-	-	-	-	1,418,289
Share issue cost	(62,448)	-	-	-	-	(62,448)
Employee Share Options	-	-	-	875,095	-	875,095
Balance at 30 June 2016	**3,977,804**	**(3,356,728)**	**111,840**	**875,095**	**(136,631)**	**1,471,380**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2016

		CONSOLIDATED	
	Notes	**30 June 2016 ($) (6 months)**	**31 December 2015 ($) (12 months)**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		162,216	268,067
Payments to suppliers and employees		(893,699)	(1,085,915)
Finance Costs		(54,453)	(33,362)
Interest received		150	-
NET CASH USED IN OPERATING ACTIVITIES	18	**(785,786)**	**(851,210)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(210,532)	(337,498)
Payments for Intangible assets		(415,550)	(624,014)
NET CASH USED IN INVESTING ACTIVITIES		**(626,082)**	**(961,512)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,000,000	2,305,411
Repayment of borrowings		(498,547)	(8,922)
Payment of Share Issue Costs		(62,448)	-
Proceeds from borrowings		83,693	1,401,768
NET CASH PROVDIED BY/USED IN FINANCING ACTIVITIES		**522,698**	**3,698,257**
Net increase/(decrease) in cash held		(889,170)	1,885,535
Cash and cash equivalents at beginning of financial year		1,881,635	2,040
Effect of exchange rate changes on cash and cash equivalents		15,071	(5,940)
Cash and cash equivalents at end of financial year	**8**	**1,007,536**	**1,881,635**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) General Information

Neurotech International Limited (**Company**) or (**Entity**) is a public Company limited by shares, incorporated in Australia with operations in Malta. The Consolidated Financial Report of the Company as at and for the year ended 30 June 2016 comprises the Company and its subsidiaries (together referred to as the '**Consolidated Entity'**).

The address of the Company's registered office is Level 14, 191 St Georges Terrace, Perth WA 6000, Australia. The Company is primarily involved in researches, designs, develops and manufactures quality medical solutions and medical devices, through the use of hardware, software or technology of any kind, that improve people's quality of life.

The board of directors (the "**Board**") of Neurotech International Limited (the "**Company**", together with its subsidiaries, the "**Group**") has resolved to change its consolidated financial year end from 31 December to 30 June. Accordingly, the current financial statements are for a 6 month period to 30 June 2016; the comparatives are for the period ended 31 December 2015.

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

(b) Basis of Preparation

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

(i) Compliance with IFRS

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

The Financial Statements were approved by the Board of Directors on 12th September 2016.

(ii) Historical cost convention

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

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

(iii) Going Concern

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

For the 6 months ended 30 June 2016 the group made a loss of $2,181,346 and had cash outflows from operating activities of $785,786. The ability of the Consolidated Entity to continue as a going concern is dependent on securing additional funding through the issue of equity as part of the proposed IPO under the Prospectus. These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that the Consolidated Entity will continue as a going concern due to current working capital and expected successful fundraising through the issue of equity as part of the planned IPO. As a result the financial information has been prepared on a going concern basis.

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

(c) Significant Accounting Judgments, Estimates and Assumptions

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

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

(i) Significant Accounting Judgments

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(ii) Significant Accounting Estimates and Assumptions

Critical Accounting Estimate

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to Management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below.

Development costs

Pursuant to AASB 138 Intangible Assets, the company has assessed the best estimate of the probability that the expected future benefits attributable to the Group's project development costs will flow to the entity. As a result, development costs directly attributable to projects such as Mente have been recognised as an intangible asset. These costs are being amortised over a period of 5 years.

Amortisation methods and useful life of intangible assets

The group amortised intangible assets with a limited useful life using the straight-line method over the following periods:

- Capitalised development costs 3-5years
- Patents and Trademarks licenses 5-15years
- Development and software 3-5years
- Customer contracts 3-5years

Impairment of assets

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

Share based payments

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

(d) *Summary* of Significant Accounting Policies

(i) Principles of Consolidation

The Consolidated Financial Statements incorporate the assets and liabilities of all the subsidiaries that Neurotech International Limited ('the **Parent Entity**') has the power to control the Consolidated Entity when the Group is exposed to, or has rights to, variable returns from its involvement with the Consolidated Entity and has the ability to affect those returns through its power to direct the activities of the Consolidated Entity, the financial and operating policies as at 30 June 2016 and the results of all subsidiaries for the year ended 30 June 2016. All inter-company balances and transactions between the Group and the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Consolidated Entity. The group has been restructured as part of an IPO process with Neurotech International Limited being incorporated on 15 January 2016. During the period Neurotech International Limited acquired

AAT Research Ltd and its subsidiaries AAT Medical Ltd, AAT Services Ltd and AAT Intellectual Property Ltd through a series of agreements. The transaction represents a common control transaction and has been accounted for as a continuation of AAT Research Ltd.

The group has changed its consolidated financial statements year end date from 31 December to 30 June. Accordingly, the forthcoming financial year end date of the Group will be 30 June 2016 and 30 June 2017.

Subsidiaries

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

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

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

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

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

(ii) Foreign Currency

Functional and presentation currency

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

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

Foreign currency transactions and balances

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

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

Translation of Foreign Operations

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

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

(iii) Cash and cash equivalents

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

(iv) Trade and Other Receivables

Trade debtors are recognised at the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Loans granted are recognised at the amount of consideration given or the cost of services provided to be reimbursed.

(v) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Sale of services

Revenue is recognised when the significant risks and rewards of the services provided have passed on to the buyer.

Interest

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

Government Grants

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

(vi) Fair value estimation for financial instruments

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures. Fair values for financial instruments traded in active markets are based on quoted market prices at Statement of Financial Position date. The quoted market price for financial assets is the current bid price and the quoted market price for financial liabilities is the current ask price.

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at Statement of Financial Position date. The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the Statement of Financial Position date. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows.

The fair value of trade receivables and payables is their nominal value less estimated credit adjustments. A financial instrument is recognised if the Consolidated Entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Consolidated Entity's contractual rights to the cash flows from the financial assets expire or if the Consolidated Entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, (i.e. the date that the Consolidated Entity commits itself to purchase or sell the asset). Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits greater than 3 months are classified as held to maturity investments and valued at amortised costs.

(vii) Investments and Other Financial Assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.

Loans and receivables

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

(viii) Property, Plant and Equipment

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

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

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

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

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

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

(ix) Intangible assets

Website Development Costs

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

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

Project Development Costs – Medical Equipment

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

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;

- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

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

Patents and trademarks

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

Software

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

Research and development

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

(x) Income Tax Expenses or Benefit

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

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

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

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

(xi) Goods and Services Tax

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

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

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

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

(xii) Comparatives

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

(xiii) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where it is expected that some or all of a provision is to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

(xiv) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Consolidated Entity. Trade accounts payable are normally settled within 60 days. Amounts due to related parties are carried at cost.

(xv) Borrowings

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

Income over the period of the borrowings using the effective yield method.

(xvi) Employee Benefits

Short term Employee Benefit Obligations

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

Other long-term Employee Benefit Obligations

Liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The obligations are presented as current liabilities in the Statement of Financial Position if the Entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Termination Benefits

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

(a) when the Company can no longer withdraw the offer of those benefits; and

(b) when the Entity recognised costs for a restructuring that is within the scope of AASB 137 and involves the payment of terminations benefits.

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

Share-based payments

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

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

The market value of shares issued to employees for no cash consideration under the Employee Share Scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

Share-based Payment Transactions

The grant date fair value of options granted to employees (including Key Management Personnel) is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

Share-based payment arrangements in which the Consolidated Entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Consolidated Entity.

(xvii) Inventories

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

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

(xviii) Contributed Equity

Ordinary shares are classified as equity.

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

(xix) Earnings or Loss per share

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

(xx) Determination of Fair Values

A number of the Consolidated Entity's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(xxi) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the year ended 30 June 2016. These are outlined in the table below.

AASB Reference	Title	Summary	Application Date of Standard	Impact on Consolidated Financial Report	Application Date for Group
AASB 9 Financial Instruments (December 2010)	AASB 139 Financial Instruments: Recognition and Measurement	AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 & 2010 and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning in or after 01 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: (a) Financial assets that are debt instruments will be classified based on: (1) the objective of the Entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:	Periods beginning on or after 01 January 2018	*The Entity has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018 and the IASB is yet to finalise the remaining phases of its project to replace IAS 39 Financial Instruments: Recognition and Measurement.* *(AASB 139 in Australia).*	01 July 2018

AASB Reference	Title	Summary	Application Date of Standard	Impact on Consolidated Financial Report	Application Date for Group
		➢ The change attributable to changes in credit risk are presented in other comprehensive income (OCI); and ➢ The remaining change is presented in profit or loss. AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an Entity's own credit risk on such liabilities are no longer recognised in profit and loss.			
AASB 2014-3	*Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) The acquirer of the interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) The acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This standard also makes an editorial correction to AASB 11	1 January 2016	*The Entity does not apply mandatorily before 1 January 2016*	01 July 2016
AASB 15	*Revenue from Contracts with Customers*	In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations (IFRIC 13 Customer Loyalty Programmed, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue Barter Transactions involving Advertising Services). The core principle of IFRS 15 is that an Entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Entity expects to be entitled in exchange for those goods or services. An Entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligation in the contract. (e) Step 5: Recognize revenue when (or as) the Entity satisfies a performance obligation. Early application of this standard permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including interpretations) arising from the issuance of AASB 15.	1 January 2018	*The Entity does not apply mandatorily before 1 January 2017*	01 July 2018
AASB 2016-1	Amendments to Australian Accounting Standards – Recognition of	The standard amends AASB 112 Income Taxes to clarify the recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value, such as fixed rate bonds. The amendments adopt equivalent international changes released by the IASB as International Financial Reporting Standard Recognition of Deferred	1 January 2016	*The Entity does not apply mandatorily before 1 January 2017*	01 July 2016

AASB Reference	Title	Summary	Application Date of Standard	Impact on Consolidated Financial Report	Application Date for Group
	Deferred Tax Assets for Unrealised Losses	Tax Assets for Unrealised Losses in January 2016. Both apply to annual periods beginning on or after 1 January 2017.			
AASB 2016-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	*The Entity does not apply mandatorily before 1 January 2017*	01 July 2017
AASB 16	Leases	This is the Australian equivalent of the recently released IFRS 16 Leases. It significantly reforms the lessee accounting requirements contained in its predecessor AASB 117 while making only minor changes to the lessor requirements. AASB 16 applies to financial reporting periods beginning on or after 1 January 2019 and early adoption is permitted if an entity is applying, or has already applied, IFRS 15 Revenue from Contracts with Customers at the same time. The IASB and others have published a range of resources to assist stakeholders understand and implement the new standard and these can be accessed via the IASB project page, the IASB's new Leases Implementation page (see below) and CA ANZ's Leases resources page. AASB 16 also makes a range of consequential amendments to 26 other standards and interpretations detailed in Appendix D of the standard.	1 January 2019	*The Entity does not apply mandatorily before 1 January 2019*	01 July 2019
AASB 2015-1	*Amendments to Australian Accounting Standards –Annual improvements to Australian Accounting Standards 2012-2014 Cycle.*	The subjects of the principal amendments to the Standards are set out below: AASB 5 Non-current Assets held for Sale and Discontinued Operations: • Changes in methods of disposal – where an Entity reclassifies an asset (or disposal group) directly from being held for distributions to being held for sale (or vice versa), an Entity shall not follow the guidance in paragraphs 27-29 to account for this change. AASB 7 Financial Instruments: Disclosures: • Servicing contracts – clarifies how an Entity should apply the guidance in paragraph 42c of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E-42H of AASB7. • Applicability of the amendments to AASB 7 to condensed interim financial statements – clarify that the additional disclosure required by the amendments to AASB 7 Disclosure - Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim Financial Statements that are pre-parted in accordance with AASB 134 interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: • Discount rate: regional market issue – clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability.	1 January 2016	*The Entity does not apply mandatorily before 1 January 2016*	01 July 2016

AASB Reference	Title	Summary	Application Date of Standard	Impact on Consolidated Financial Report	Application Date for Group
		Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: • Disclosure of information ‘elsewhere in the interim financial report” - amends AASB 134 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.			

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

2. FINANCIAL RISK MANAGEMENT

i. Overview

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

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

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

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

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

The Consolidated Entity holds the following financial instruments:

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	**31 December 2015 ($) (12 months)**
Financial assets		
Cash and cash equivalents	1,007,536	1,881,635
Trade and other receivables	108,001	99,646
	1,115,537	**1,981,281**
Financial Liabilities		
Trade and other payable	507,513	209,613
Borrowing	945,609	1,778,752
	1,453,122	**1,988,365**

ii. Financial Risk Management Objectives

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

iii. Credit Risk

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

For banks and financial institutions, the Group banks only with financial institution with high quality standing or rating. Receivables are presented net of an allowance for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Credit risk with respect to receivables is limited due to credit control procedures and the large number of customers comprising the Group's receivables base. Cash at bank is placed with reliable financial institutions.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Trade receivables		
Counterparties without external credit rating		
Group 1 – new customers (less than 6 months)	-	-
Group 2 – existing customers (less than 6 months) with no defaults in the past	15,068	9,459
Group 3 – existing customers (more than 6 months) with no defaults in the past	92,933	90,187
	108,001	**99,646**
Cash at bank and Commercial Bills **		
Cash at bank – St George Bank and Bank of Valletta Plc.	505,375	1,881,635
Petty cash account	2,161	-
Commercial Bills – St George Bank	500,000	-
	1,007,536	**1,881,635**

**Bank of Valletta is currently rated 'BBB+' by an international rating agency and St George Bank has an "AA" credit rating.

Exposure to Credit Risk

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

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Cash and cash equivalents	1,007,536	1,881,635
Trade and other receivables	108,001	99,646
Total	**1,115,537**	**1,981,281**

iv. Liquidity Risk

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

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

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

Contractual maturities of financial liabilities	Less than 6 months ($)	6 – 12 months ($)	More than 12 months ($)	Total ($)	Carrying Amount ($)
Group - at 30 June 2016					
Trade payables	243,312	-		243,312	243,312
Borrowings	-	621,709	323,900	945,609	945,609
Total	**243,312**	**621,709**	**323,900**	**1,188,921**	**1,188,921**
Group - at 31 December 2015					
Trade payables	158,062	-	-	158,062	158,062
Borrowings	-	1,401,339	377,413	1,778,752	1,778,752
Total	**158,062**	**1,401,339**	**377,413**	**1,936,814**	**1,936,814**

As at 30 June 2016, the Group had borrowings of A$945,609 (2015:A$1,778,752), Borrowings have been used for the purchase of equipment, in the fit out of the main office and laboratory facilities as well as general working capital.

v. Market Risk

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

Foreign Currency and Exchange Risk

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

At the end of the reporting period the Group did not have any exposure to fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows since it had no financial assets and liabilities denominated in foreign currency.

The Consolidated Entity is exposed to changes in foreign exchange rates as it has operational liabilities in Euro. There has been no material exposure to non-functional currency amounts during the financial year.

Interest Rate Risk

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

As the Consolidated Entity has no significant interest bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. Bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on.

Profile

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

Variable Rate Instruments

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	30 June 2016 ($) (6 months)
Financial Assets	1,007,536	1,881,635
Financial Liabilities	945,609	1,778,752
	61,927	**102,883**

As at 30 June 2016, the Group had net cash of A$61,927, comprising borrowings of A$945,609 (EUR 632,984), and cash reserves (including bank guarantees) of A$1,007,536 (EUR 216,003 and AUD 682,690).

Borrowings have been used for the purchase of equipment, in the fit out of the main office and laboratory facilities as well as general working capital.

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

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Bank overdrafts	5.65%	5.65%
Bank loans	5.65%	5.65%
Maturity of non-current interest bearing loans and borrowings	AUD Equivalent	AUD Equivalent
Between 1 and 2 years	99,157	113,109
Between 2 and 5 years	200,907	135,517
5 years and over	23,836	128,786

The Group manages its interest rate risk by monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents are held in AA-rated bank accounts. The Group's exposure to interest rate risk and effective weighted average interest rate by maturing periods is set out in tables below.

	Weighted Average Effective Interest Rate	Floating Interest Rate	Maturing within 1 Year	Non- Interest Bearing	Total
	2016	**2016**	**2016**	**2016**	**2016**
Financial Assets					
Cash and cash equivalents	1.5%	-	-	1,007,536	1,007,536
Trade and other receivables	-	-	-	247,271	247,271
Total Financial Assets	**-**	**-**	**-**	**1,254,807**	**1,254,807**
Trade and other payables	-	-	-	507,513	507,513
Borrowings	5.65%	323,900	621,709	-	945,609
Total Financial Liabilities	**-**	**323,900**	**621,709**	**507,513**	**1,453,122**

	Weighted Average Effective Interest Rate	Floating Interest Rate	Maturing within 1 Year	Non- Interest Bearing	Total
	2015	**2015**	**2015**	**2015**	**2015**
Financial Assets					
Cash and cash equivalents	1.50%	-	-	1,881,635	1,881,635
Trade and other receivables	-	-	-	213,399	213,399
Total Financial Assets	**-**	**-**	**-**	**2,095,034**	**2,095,034**
Trade and other payables	-	-	-	209,613	209,613
Borrowings	5.65%	497,831	888,201	392,720	1,778,752
Total Financial Liabilities	**-**	**497,831**	**888,201**	**602,333**	**1,988,365**

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

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The Board assessed a 100 basis point movement as being reasonably possible based on forward treasury rate projections. This analysis assumes that all other variables remain constant.

A change of 100 basis points in interest rates would have increased or decreased the Consolidated Entity's profit or loss by $10,075 (2015: $18,816).

	+1% (100 basis points) ($)	-1% (100 basis points) ($)	+1% (100 basis points) ($)	-1% (100 basis points) ($)
	2016	**2016**	**2015**	**2015**
Cash and cash equivalents	10,075	(10,075)	18,816	(18,816)
Borrowings	(9,456)	9,456	(17,787)	17,787
	619	**(619)**	**1,029**	**(1,029)**

vi. Capital Management

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

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

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

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

vii. Fair value measurements

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

3. REVENUE FROM CONTINUING OPERATIONS

Turnover represents the invoiced value of all kind of medical equipment and services sold by the Group during the financial year under review.

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Sales Mente Products	126,667	135,507
Sales Medical Services	-	79,724
	126,667	**215,231**

4. OTHER INCOME

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	**31 December 2015 ($) (12 months)**
Award winnings	7,918	-
Income from grants (i)	31,831	98,022
Shipping of Sales Products	1,409	2,988
	41,158	**101,010**

Government grants

Government grants of $31,831 (equivalent to Euro 20,919.85) relate to the refunds from the Malta Enterprise for the Medical, Rehacare & Conference costs. There are no unfulfilled conditions or other contingencies attaching to these grants. The group did not benefit directly from any other forms of government assistance.

Deferral and presentation of government grants

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

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

5. EMPLOYEE BENEFITS EXPENSES

Staff costs

The total employment costs for the financial year ended 30 June 2016 were as follows:

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	**31 December 2015 ($) (12 months)**
Directors' remuneration	89,519	256,440
Wages and salaries	577,838	675,501
Employer's share of national insurance contribution	23,824	38,643
Recruitment and Redundancy payments	151,717	727
Less: Amounts transferred to development costs	(373,437)	(535,329)
	469,461	**435,982**

6. SHARE BASED PAYMENTS

The primary purpose of the Director options for the services already provided by Directors to drive the Company's assets forward. All options granted to Key Management Personnel are over ordinary shares in Neurotech International Limited, which confer a right of one ordinary share for every option held.

Options

The group has agreed to issue options to Directors (or entities in which a Director has a relevant interest), and others as set out in the table below for services rendered to the company.

Holder of relevant interest	Number of Options to be issued
Krystle Attard Trevisan[1]	1,864,000
Transcontinental Investments Pty Ltd[2]	1,864,000
Shimano Ventures Ltd[3]	2,060,334
Avonmore Holdings Group Ltd[4]	1,631,000
Angelica Micallef Trigona	130,480
Bruce A. McCracken	349,500
TOTAL	**7,899,314**

1. These Securities are currently registered in the name of Mario Attard Trevisan as trustee of the Paloma Trust. However, Krystle Attard Trevisan has a legal right to become registered holder of these Securities, and will become the registered holder of these Securities as trustee of the Paloma Trust. Adrian Attard Trevisan has a relevant interest in these Securities as a beneficiary of the Paloma Trust.
2. Held by Shimano Ventures Ltd as trustee for The Griffiths Family Trust. Peter Griffiths has a relevant interest in these Securities as a director and controlling shareholder of Shimano Ventures Ltd and as a beneficiary of The Griffiths Family Trust.
3. Held by Transcontinental Investments Pty Ltd. Simon Trevisan has a relevant interest in these Securities as a director, joint controller and substantial shareholder of Transcontinental Investments Pty Ltd.
4. Held by Avonmore Holdings Group Ltd. Peter O'Connor has a relevant interest in these Securities as a beneficiary of this family trust.

Set out below are summaries of options granted:

2016 Grant Date	Expiry Date	Exercise price	Balance at start of the year number	Agreed to be granted during the year number	Exercised during the year number	Forfeited during the year number	Balance at end of the year number	Vested and exercisable at end of the year number
09/05/2016	30/11/2020	$0.20	-	7,899,314	-	-	7,899,314	
Weight average exercise price				**-**	**-**	**-**	**$0.20**	**-**

The weighted average share price at the date of agreement of options during the year ended 30 June 2016 was $0.16 (2015–Nil).

The weighted average remaining contractual life of share options outstanding at the end of the period was 4.42 years (2015–Nil).

Fair value of Options Agreed to be Granted

The assessed fair value at grant date of options agreed to be issued during the year ended 30 June 2016 was $0.1108 per option (2015– Nil). The fair value at grant date is independently determined using a 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.

Options Expensed

The fair value of the options which the company has agreed to issue has been recognized as an expense in the period ended 30 June 2016 as the options were issued for services provided and there are no future vesting conditions. The fair value of option at grant date is independently determined using a Black Scholes option valuation methodology that takes into account the exercise price.

The following share based payment recognised in the period to 30 June 2016:

	Number of Options	Value of options agreed to be issued	Options expensed during the year
Options agreed to be issued and expensed	7,899,314	$875,095	$875,095

The fair value of the Options which the company has committed to issue has been calculated using the Black-Scholes option valuation methodology. The following inputs were used:

	Inputs
Number of options	**7,899,314**
Underlying share price	0.16
Exercise price (A$)	0.20
Expected volatility	100%
Expiry date (years)	4.56 years
Expected dividends	Nil
Risk free rate	1.57%

The options vest immediately and they have been fully expensed in the current period as they relate to services provided to the group.

Expenses arising from Share-Based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Share-based payment		
Options expensed during the period	875,095	-
	875,095	**-**

7. INCOME TAX

The current taxation charge comprises taxation at 30% on the profit generated by one of the Group's entities as adjusted for tax purposes.

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

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	**31 December 2015 ($) (12 months)**
Income tax benefit	-	-
Tax Rates		
The potential tax benefit in respect of tax losses not brought into account has been calculated at 30%.		
The numerical reconciliation between tax expense and the accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:		
Accounting Profit/(Loss) before income tax	(2,181,346)	(839,413)
Income tax benefit calculated at the Company's statutory income tax rate of 30%	(654,404)	251,824
Add Tax effect on amounts which are assessable/not tax deductible:		
• Capital expenses to be amortised over 5 years	9,079	-
• Non assessable income	(226)	-
• Non-deductible expenses	341,386	52,852
• Timing differences	3,860	-
Less Tax effect on amounts which are tax deductible:		
• Black hole expenditure	(5,563)	-
Tax losses not brought to account	305,868	198,972
Income tax benefit	**-**	**-**
Deferred tax **assets not brought to account**		
• Unamortised 'black hole' expenditure (capital raising costs)	22,251	-
• Tax losses	305,868	198,972
• Timing differences	3,860	-
Income tax benefit not recognised	**331,979**	**198,972**

The benefit for tax losses will only be obtained if:

(a) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by Law; and

(c) no changes in tax legislation adversely affect the ability of the Company to realise these benefits.

8. CASH AND CASH EQUIVALENTS

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

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Cash at Bank and on hand	507,536	19,884
Short-term deposit	500,000	1,861,751
	1,007,536	**1,881,635**

(a) Reconciliation to cash at the end of the year

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:		
Balances as above	**1,007,536**	**1,881,635**
Balances per Statement of Cash Flows	**1,007,536**	**1,881,635**

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in Note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above. The Consolidated Entity's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are discussed in Note 2.

9. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Trade receivables	15,068	9,459
Prepayments	17,721	13,468
Security Deposit	57,620	54,008
VAT (Payable)/Refundable	139,270	113,753
Other receivables	17,592	22,711
	247,271	**213,399**

10. INVENTORIES

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
CURRENT		
Raw Materials	158,536	3,444
Finished Goods [(i)]	28,001	20,221
	186,537	**23,665**

(i) Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 30 June 2016 amounted to $33,430 (2015: $29,766). These were included in cost of sales and cost of providing services.

11. PROPERTY, PLANT AND EQUIPMENT

	Improvements to premises	Medical and other equipment	Computer equipment and software	Furniture and fittings	Total
Year ended 30 June 2016					
Balance at 1 January 2016, net of accumulated depreciation	**133,075**	**107,646**	**45,971**	**95,696**	**382,388**
Additions	75,136	1,398	60,991	104,608	242,133
Movement in foreign currency assets	(277)	(87)	103	(12)	(273)
Disposals	(11,351)	-	-	(5,952)	(17,303)
Depreciation charged for the period	(9,390)	(15,104)	(14,129)	(16,999)	(55,622)
Balance at 30 June 2016, net of accumulated depreciation	**187,193**	**93,853**	**92,936**	**177,341**	**551,323**
Balance at 30 June 2016					
Cost	197,328	118,936	142,511	197,640	656,415
Accumulated Depreciation	(10,135)	(25,083)	(49,575)	(20,299)	(105,092)
Net carrying amount as at 30 June 2016	**187,193**	**93,853**	**92,936**	**177,341**	**551,323**

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Improvements to premises	Medical and other equipment	Computer equipment and software	Furniture and fittings	Total
Year ended 31 December 2015					
Balance at 1 January 2015, net of accumulated depreciation	13,086	9,506	31,727	13,622	67,941
Additions	122,604	104,132	27,756	87,942	342,434
Movement in foreign currency assets	(37)	(87)	(195)	(85)	(404)
Disposals	-	-	-	-	-
Depreciation charged for the period	(2,578)	(5,905)	(13,317)	(5,783)	(27,583)
Balance at 31 December 2015, net of accumulated depreciation	**133,075**	**107,646**	**45,971**	**95,696**	**382,388**
Balance at 31 December 2015					
Cost	137,144	117,935	81,795	109,009	445,883
Accumulated Depreciation	(4,069)	(10,289)	(35,824)	(13,313)	(63,495)
Net carrying amount as at 31 December 2015	**133,075**	**107,646**	**45,971**	**95,696**	**382,388**

12. INTANGIBLE ASSETS

	Website	Mente Development	Trademarks	Patents	Total
Year ended 30 June 2016					
Balance at 1 January 2016, net of amortisation	**49,203**	**686,271**	**809**	**45,673**	**781,956**
Additions	10,397	403,220	1,270	-	414,887
Movement in foreign currency assets	(11)	(1,319)	(1)	(119)	(1,450)
Written off during the period	-	(198,657)			(198,657)
Disposals	-	-	-	-	
Amortisation charged for the period	(8,480)	(54,294)	(201)	(1,927)	(64,902)
Balance at 30 June 2016, net of accumulated amortisation	**51,109**	**835,221**	**1,877**	**43,627**	**931,834**
Balance at 30 June 2016					
Cost	67,918	983,634	2,614	56,872	1,111,038
Amortisation	(16,809)	(148,413)	(737)	(13,245)	(179,204)
Net carrying amount as at 30 June 2016	**51,109**	**835,221**	**1,877**	**43,627**	**931,834**

The Board has determined the recoverable amount of the Mente CGU by assessing the fair value less cost of disposal (FVLCOD) of the underlying assets. The method applied was the market approach based on both recent capital raisings of the Group and upcoming Initial Public Offering adjusted for the fair value of net assets of the Mente CGU. The recoverable value is a Level 3 measurement with the main unobservable input being the fair value of the Mente CGU. The Board has not identified any reasonable possible changes in key assumptions that could cause the carrying amount of the Mente CGU to exceed its recoverable amount.

12. INTANGIBLE ASSETS (CONTINUED)

	Website	Mente Development	Trademarks	Patents	Total
Year ended 31 December 2015					
Balance at 1 January 2015, net of amortisation	**5,879**	**175,045**	**1,073**	**49,072**	**231,069**
Additions	49,830	583,205	-	105	633,140
Movement in foreign currency assets	(59)	(7)	2	239	175
Disposals			-	-	
Amortisation charged for the period	(6,447)	(71,972)	(266)	(3,743)	(82,428)
Balance at 31 December 2015, net of amortisation	**49,203**	**686,271**	**809**	**45,673**	**781,956**
Balance at 31 December 2015					
Cost	57,715	781,699	1,349	57,064	897,827
Amortisation	(8,512)	(95,428)	(540)	(11,391)	(115,871)
Net carrying amount as at 31 December 2015	**49,203**	**686,271**	**809**	**45,673**	**781,956**

13. PAYABLES

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Trade payables	243,312	158,062
Accruals	133,703	33,358
Other payables	130,498	18,193
	507,513	**209,613**

14. INTEREST-BEARING LOANS AND BORROWINGS

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Current Borrowing		
Bank overdrafts	389,654	888,201
Bank loans	232,055	120,418
Shareholders' loan	-	392,720
	621,709	**1,401,339**
Non-current Borrowing		
Bank loans	323,900	377,413
	323,900	**377,413**

The Group benefits from the following banking facilities:

A General Banking Facility of Euro 75,000 and Loan Facilities of Euro 200,000 granted by Bank of Valletta P.L.C.;

The Bank of Valletta P.L.C. facilities are secured by:

(a) a first general hypothec over the assets of the Group;

(b) a first special hypothec over property held by the Group;

(c) a pledge over public securities;

(d) a pledge over an insurance policy covering one of the shareholders' property and the Group's inventories;

(e) a Letter of Undertaking given by the Group's directors not to sell and/or transfer any of the patents owned by the company and not to pay dividends or repay shareholders' loans without the bank's prior written consent.

As at 30 June 2016, the Group had net borrowings of A$945,609 (EUR 632,984); Borrowings have been used for the purchase of equipment, in the fit out of the main office and laboratory facilities as well as general working capital.

SHAREHOLDERS' CURRENT ACCOUNT

On 29 July 2015 Transcontinental Investments is provided a 120 day loan facility to AAT Research Ltd for the purpose of working capital and interest free repayment within 120 days otherwise the default rate of 10% per annum if not repaid during the facility period. The balance of the shareholders' loan accounts as at 30 June 2016 is Nil (31 December 2015: A$392,720 – equivalent to Euro 262,000).

15. CONTRIBUTED EQUITY

A reconciliation of the movement in capital and reserves for the Company can be found in the Statement of Changes in Equity.

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	**31 December 2015 ($) (12 months)**
Contributed equity as at 1 January 2016	2,621,963	187,800
Shares issued	-	2,434,163
Pre-IPO raising 6,250,000 Ordinary Shares at $0.16	1,000,000	-
Less: Share Issued Cost	(62,448)	-
Share issued for repayment of the shareholders' loan	418,289	-
	3,977,804	**2,621,963**

(a) Movements of share capital during the period

Date	Details	No of shares	Issue price($)	$
01.01.2016	Opening Balance	139,562		2,621,963
15.01.2016	Shares at Registration	500	0.20	-
09.05.2016	Conversion of AATRL to NTI shares* 1:233	32,517,946 (139,562)	0.16	-
09.05.2016	Pre- IPO Raising	6,250,000	0.16	1,000,000
24.05.2016	Shares issued to AATRL shareholders in their capacity as shareholders** 1:326	8,554,566		-
24.05.2016	Shares issued for repayment of the shareholders' loan ***	2,609,600		418,289
24.05.2016	Shares Issued cost			(62,448)
Closing Balance as at 30/06/2016		**49,932,612**		**3,977,804**

* 5 May 2016 Neurotech purchased all of the issued capital in AAT Research Limited by the issue of 233 Neurotech Shares per AAT Research share based on the equivalent of AUD0.16 per Neurotech Share and €25 per AAT Research share

** Neurotech issued 8,554,566 shares to AATRL shareholders to ensure equitable transition of investments in AATRL to investments in NTI. As a transaction with shareholders in their capacity as shareholders there is no increase in share capital.

***AATRL debt owed TRG of €280,000 (= AUD$418,289) and was bought by Neurotech by issue of 2,609,600 shares to TRG

Ordinary Shares

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

Options

Date of Expiry	Exercise Price	Options agreed to be issued	Number Exercised	Options Lapsed/ Expired during period	Balance
30/11/2020	$0.20	7,899,314	-	-	7,899,314

16. OTHER RESERVES

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Reserve at the beginning of the period	(151,903)	(10,872)
Foreign exchange movement	15,272	(141,031)
Capital reserve (699,000 shares @ $0.16)	111,840	-
Options Premium Reserve	875,095	-
Reserve at the end of the period	**850,304**	**(151,903)**

(a) Option Reserve

The option reserve is used to record the value of the share based payments provided to employees, consultants and for options issued pursuant to any acquisitions or in exchange for services.

(b) Capital Reserve

The capital reserve is used to record the value of the shares which have been agreed to be provided to consultants but have not yet been issued. AATRL agreed to pay €75,000 to cancel the reseller agreement with the relevant parties and Neurotech has entered into an agreement to acquire the debt created by issuing 699,000 new shares to Chasm Hop/Bonavita/Vella worth A$111,840 at $0.16 each. These shares have not yet been issued as at 30 June 2016.

(c) Foreign Currency Reserve

The foreign currency reserve records foreign currency differences arising from the translation of Financial Statements of all foreign controlled subsidiaries.

17. ACCUMULATED PROFIT/(LOSS)

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Accumulated loss at the beginning of the period	1,175,382	335,969
Net loss attributable to shareholders	2,181,346	839,413
Accumulated loss at the end of the period	**3,356,728**	**1,175,382**

18. CASH FLOW INFORMATION

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Reconciliation of cash flow from operating activities with the loss from continuing operations after income tax:		
Non-cash flows in profit from ordinary activities		
Net Loss after Income Tax	(2,181,346)	(839,413)
Depreciation & Amortisation	120,525	110,016
Share based payment	875,095	-
Non-cash settlement	113,913	-
Impairment	202,340	-
Changes in assets & liabilities		
(Increase)/Decrease in receivables	(5,609)	(72,479)
Increase/(Decrease) in inventories	(162,872)	(11,354)
Increase/(Decrease) in Prepayment	(4,253)	(4,617)
Increase/(Decrease) in Other Receivables	(24,110)	(49,594)
Increase/(Decrease) in trade creditor and other payable	280,531	16,231
Cash flow from Operating Activities	**(785,786)**	**(851,210)**

19. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

20. REMUNERATION OF AUDITOR

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

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Audit and Other Assurance Services		
BDO Audit (WA) Pty Ltd	17,000	-
Chris Baldacchino & Associates (equivalent to €7,100 (2015: €7,900))	10,803	11,671
Total remuneration for Audit and Other Assurance Services	**27,803**	**11,671**
Other Service		
Non Auditing Service - BDO Corporate Finance (WA) Pty Ltd	9,000	-
Chris Baldacchino & Associates (equivalent to €47,813 (2015: €34,260))	72,751	50,613
Total remuneration for Other Service	**81,751**	**50,613**

21. COMMITMENTS

Office Lease Commitment

The Company has an Office Lease Agreement. On 29 July 2015, through AAT Medical, the Company entered into a lease with Malta Digital Hub Limited, being a company incorporated in Malta, in respect of Block LS3, Malta Life Sciences Park San Gwann Industrial Estate, San Gwann, Malta (**Office Lease**).

The Office Lease is for an initial term of over 5 years commencing on 30 July 2015 and expiring on 31 October 2020. AAT Medical has an option to extend the term for a further 5 years.

AAT Medical must pay rent in the amount of €4,035.42 per month exclusive of 18% VAT (equivalent to A$6140.25 per month and A$73,683 per annum) and has made standard undertakings normally included in a commercial lease, including to keep the premises in good condition and repair and take out and maintain insurances.

The Office Lease may be terminated by AAT Medical on 6 months' notice, and may be terminated by Malta Digital Hub Limited on the occurrence of a major breach of the Office Lease, or if AAT Medical suffers an insolvency event (provided that the required notice period as provided for in a judicial letter is given, during which AAT Medical may remedy the relevant breach).

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	**31 December 2015 ($) (12 months)**
Not later than one year	73,683	73,683
Later than one year but not later than five years	368,415	368,415
Later than five years	294,732	368,415
TOTAL	**736,830**	**810,513**

22. CONTINGENT LIABILITIES

At 30 June 2016, AAT Research Limited has entered into agreements to pay cash settlements to the below parties contingent on the successful IPO.

The amounts are as follows:

- Alex Grech – Euro 100,595
- Claude Calleja – Euro 16,372.50

There are no other contingent liabilities.

23. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

At 30 June 2016 and 31 December 2015 the carrying amounts of financial assets and financial liabilities classified with current assets and current liabilities respectively approximated their fair values due to the short term maturities of these assets and liabilities.

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

24. RELATED PARTY DISCLOSURES

Parent Entity

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

Wholly-owned Group transactions

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

Key Management Personnel

The individual Directors and Executives compensation comprised as at 30 June 2016.

	CONSOLIDATED	
	30 June 2016 ($) (6 months)	31 December 2015 ($) (12 months)
Short-term employee benefits		
Adrian Attard Trevisan	89,519	129,264
Angelica Micallef Trigona (resigned 24 Nov 2015)	-	127,225
Wolfgang Storf[5]	67,668	-
	157,187	**256,440**
Post- employee benefits		
Adrian Attard Trevisan (Superannuation)	1,684	1,359
Angelica Micallef Trigona	-	3,213
Wolfgang Storf – Reallocation Expenses[5]	**13,542**	
	15,226	**4,572**
Share-based payments		
Adrian Attard Trevisan (Paloma Trust)[1]	206,496	-
Transcontinental Investments Pty Ltd[2]	206,496	-
Shimano Ventures Ltd[3]	228,246	-
Avonmore Holdings Group Ltd[4]	180,684	-
	821,922	**-**

1. Held by in the name of Mario Attard Trevisan as trustee of the Paloma Trust. However, Krystle Attard Trevisan has a legal right to become registered holder of these Securities, and will become the registered holder of these Securities as trustee of the Paloma Trust. Adrian Attard Trevisan has a relevant interest in these Securities as a beneficiary of the Paloma Trust.
2. Held by Shimano Ventures Ltd as trustee for The Griffiths Family Trust. Peter Griffiths has a relevant interest in these Securities as a director and controlling shareholder of Shimano Ventures Ltd and as a beneficiary of The Griffiths Family Trust.
3. Held by Transcontinental Investments Pty Ltd. Simon Trevisan has a relevant interest in these Securities as a director, joint controller and substantial shareholder of Transcontinental Investments Pty Ltd.
4. Held by Avonmore Holdings Group Ltd. Peter O'Connor has a relevant interest in these Securities as a beneficiary of this family trust.
5. Wolfgang Storf agreed to accrued $67,668 (equivalent to Euro 44,472) for consultancy services provided to AAT Research Limited during the period ending 30 June 2016. In addition, AAT Research Limited paid the reallocation expenses of $13,542 (equivalent to Euro 8,900) during the period ending 30 June 2016.

Loans to/from Related Parties

On 29 July 2015 Transcontinental Investments is provided a 120 day loan facility to AAT Research Ltd for the purpose of working capital and interest free repayment within 120 days otherwise the default rate of 10% per annum if not repaid during the facility period. The balance of the shareholders' loan accounts as at 30 June 2016 is Nil (31 December 2015: A$392,720 – equivalent to Euro 262,000).

There were no other loans to individual or Directors of the Company during the period ended 30 June 2016 (2015: Nil).

Transactions with Related Parties

DIRECTORS' CURRENT ACCOUNT

AAT Research Limited has paid monthly loan repayment and monthly life insurance repayment of $551 (equivalent to Euro 362); this is currently shown as current assets under Director's Current Account.

The balance on the director's current account is $25,592 (31 December 2015 - $22,711) is unsecured, interest free and has no fixed date of repayment.

There were no other related parties' transactions to individual or Directors of the Company during the period ended 30 June 2016.

Other Key Management Personnel Transactions with the Company

A number of Key Management Personnel or their related parties hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Other than director fees, there were no transactions with the entities.

25. PARENT ENTITY INFORMATION

The following details information related to the Parent Entity, Neurotech International Limited, as at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	30 June 2016 ($)
Current assets	1,316,299
Non-current assets	6,683,442
Total Assets	**7,999,741**
Current liabilities	8,829
Non-current liabilities	7,900
Total Liabilities	**16,729**
Net Assets	**7,983,012**
Contributed equity	7,926,790
Reserve	986,935
Retained earnings/(accumulated losses)	(930,713)
Total Equity	**7,983,012**

	30 June 2016 ($)
(loss) for the year	(930,713)
Other comprehensive (loss) for the year	-
Total Comprehensive (loss) for the Year	**(930,713)**

The Parent Entity of Neurotech International Limited (NTI) is incorporated in Australia on 15 January 2016 so there are no comparatives figures and there are no other separate commitments and contingencies for parent entity as at 30 June 2016.

DIRECTORS' DECLARATION

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

(a) the Financial Statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and Notes set out on pages 10 to 53, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2016 and of their performance, for the financial period ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and other mandatory professional reporting requirements.

(b) the Financial Report also complies with International Financial Reporting Standards as disclosed in Note 1; and

(c) there are reasonable grounds to believe that the 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* by the Financial Officer for the financial period ended 30 June 2016.

Signed in accordance with a resolution of the Directors.

Simon Trevisan
Non-Executive Director
Dated at Perth, Western Australia, this 12th September 2016

Wolfgang Johannes Storf
Chief Executive Officer
Dated at Perth, Western Australia, this 12th September 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of Neurotech International Limited

Report on the Financial Report

We have audited the accompanying financial report of Neurotech International Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Neurotech International Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Neurotech International Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the period ended on that date; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 (b) (iii) in the financial report, which describes the events and conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

BDO
J Prue

Jarrad Prue
Director

Perth, 12 September 2016