

# Neurotech

## Neurotech International Limited

### Appendix 4D

#### Half Year Report for the Period to 31 December 2017

<b>Name of Entity</b>	<b>Current Period</b>
NEUROTECH INTERNATIONAL LIMITED	PERIOD ENDED 31 DECEMBER 2017
<b>ACN</b>	<b>Prior Corresponding Period</b>
610 205 402	PERIOD ENDED 31 DECEMBER 2016

<b>Results for Announcement to the Market</b>	<b>% Movement Compared to the Prior Period</b>	<b>Current Period A\$</b>	<b>Previous Period A\$</b>
Revenue from Ordinary Activities	(29.57%)	\$28,334	\$40,229
Reported net (loss) from ordinary activities after tax	8.11%	(\$1,935,685)	(\$2,106,617)
Reported net (loss) attributable to members	10.57%	(\$1,878,782)	(\$2,100,943)

<b>Net Assets</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
Net Tangible Assets (A\$)	4,474,915	4,769,781
Number of Securities	108,917,760	88,035,112
Net Tangible Assets per security (cents)	4.11	5.42

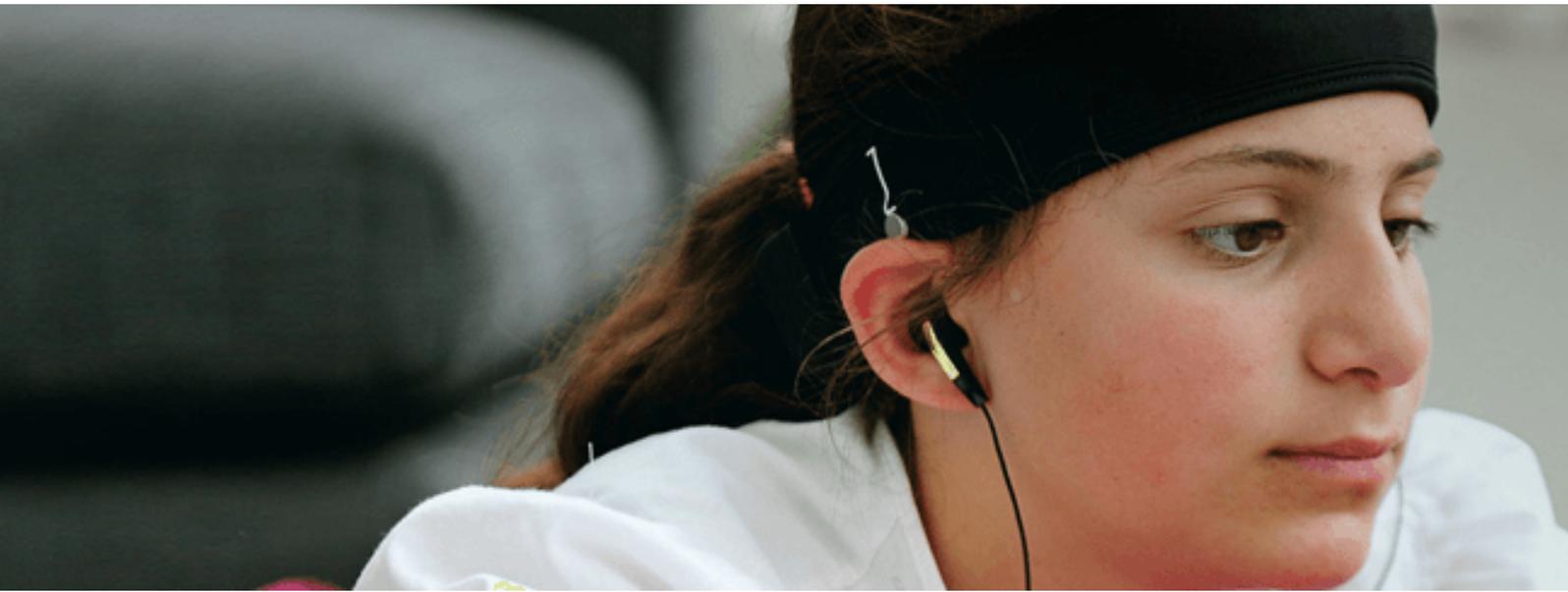
<b>Dividends</b>	<b>Interim Dividend 2018</b>	<b>Interim Dividend 2017</b>
Amount per share	NIL	NIL
Franked amount	NIL	NIL

#### Review Results

This report is based on the financial statements that have been the subject of an independent review and are not subject to any dispute or qualification. The detailed half year financial statements are attached to this report.

# Neurotech

ACN 610 205 402



**NEUROTECH INTERNATIONAL LIMITED  
CONSOLIDATED INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2017**

# CONTENTS

	<b>Page</b>
Corporate Directory	3
Directors' Report	4
Auditors Independence Declaration	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Financial Statements	13
Directors' Declaration	23
Independent Auditor's Report	24

# CORPORATE DIRECTORY

## DIRECTORS

Peter O'Connor (Chairman)  
Peter Griffiths (Deputy Chairman and Executive Director)  
Adrian Attard Trevisan ( Founder and Non-Executive Director )  
Wolfgang Johannes Storf (Chief Executive Officer)  
Simon Trevisan (Non-Executive 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](http://www.neurotechinternational.com)  
Email: [info@neurotechinternational.com](mailto:info@neurotechinternational.com)

## AUDITORS

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

## SHARE REGISTRY

Security Transfer Australia Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
  
Telephone: (08) 9315 2333  
Facsimile: (08) 9315 2233

## HOME EXCHANGE

Australian Securities Exchange Ltd  
Central Park  
152-158 St Georges Terrace  
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 Limited (Group) for the half year ended 31 December 2017 and the auditor's review report thereon.

### DIRECTORS

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

- Peter O'Connor (Chairman)
- Peter Griffiths (Deputy Chairman and Executive Director)
- Adrian Attard Trevisan (Founder and Non-Executive Director)
- Wolfgang Johannes Storf (Chief Executive Officer)
- Simon Trevisan (Non-Executive Director)
- Cheryl Tan (Non-Executive Director)

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

### REVIEW OF OPERATIONS

Neurotech International Limited (Neurotech or the Company) is a medical device and solutions company incorporated in Australia and operating through its wholly-owned, Malta-based subsidiary AAT Research Limited.

Neurotech researches, designs, markets and through third party manufacturers, produces wearable neurotechnology devices to assist with neurological conditions, starting with autism. Its primary mission is to improve the lives of people with neurological conditions, with a vision of becoming a global leader in home-use and clinical neurotechnology solutions that are both accessible and affordable.

It has been a busy half year for Neurotech, with major milestones including:

- The release of preliminary results from the US Clinical Trial in September, followed by the completion of data collection for primary outcome measures in December;
- Completion of an oversubscribed \$4 million placement;
- Signing a design agreement with eemagine, an established manufacturer of cutting edge neurotechnological devices for its own brand as well as global medical device companies such as Natus Medical Incorporated (NASDAQ: BABY); and
- The continued expansion of its distributor network.

A key highlight for the Company has been the progress made with the double blind, independent, clinical trial of its flagship device, Mente Autism (US Clinical Trial, ClinicalTrials.gov ID: NCT02773303). In September, Professor Frederik Carrick, principal investigator for the US Clinical Trial, presented his preliminary findings at the 6th Cambridge International Conference on Mental Health Research at the University of Cambridge, noting that the findings "demonstrate[d] positive changes in children's neurological function after using the Mente Autism device in our clinical study".

In December, Professor Carrick subsequently advised that data collection for primary outcome measures for the US Clinical Trial had been completed, to be closely followed by compilation and analysis by Carrick Institute investigators.

Neurotech expects results from the Clinical Trial to be published within a few months of this key milestone, and looks forward to updating the market as soon as the publication is available to it.

## DIRECTORS' REPORT (continued)

Another achievement during the half year was the successful completion of an oversubscribed \$4 million placement to institutional and sophisticated investors. The funds raised, at \$0.20 per share, positions the Company to undertake further manufacturing and acquiring of additional inventory, product enhancements, pursuit of strategic opportunities and working capital.

Having regard to areas of improvement for Mente Autism, Neurotech signed a design agreement with leading neurotechnology company, eemagine Medical Imaging Solutions GmbH (eemagine), to deliver several design enhancements. A key design improvement is to incorporate a new headband to suit varying ages of children, providing flexibility and continued use of Mente Autism as the child grows.

While there has been good progress made on various fronts above, sales during the half-year period have been lower than expected, as distributors and potential customers await the results of the US Clinical Trial. In anticipation, Neurotech and distributors are continuing to strengthen and grow the in-country infrastructure to support new and existing customers, with Italy being a prime example.

Neurotech's main sales focus area has historically been the Italian market and this continues to be an important jurisdiction for the Company. In the half year, Promosalute established three neurofeedback technology centres across Italy, which are being used to build awareness and aid in education around autism and specifically the potential of neurofeedback and the Mente Autism device as a therapy. The centres have been well received, and Promosalute plans to continue to grow this network.

Outside of Italy, Neurotech continued its expansion of the distribution network, notably securing Sydney-based Medilink as its marketing and distribution partner in Australia. Neurotech shipped the first batch of 13 demo devices to Australia in October; and shipped 25 devices to Turkey in July, with a distribution agreement with its Turkish distribution partner renewed for three years.

Finally, on the regulatory front, the Company successfully renewed its ISO 13485:2012 certification in November. The certification is provided to companies which meet the requirements and standards to design, manufacture and service therapeutic neurological, active medical devices. In addition, the Company is making good progress on preparing the submission to the US FDA, which will remain subject to the outcomes of the US Clinical Trial.

During January, Neurotech secured Ashnev Medicals (Ashnev) as its marketing and distribution partner in India, making it the exclusive partner for the country. Ashnev has over a decade of experience working with the latest technologies in medical equipment, pharmaceutical products, health and rehabilitation diagnostics and treatments. It supplies products under various rental, retail and wholesale models.

Ashnev's personnel have undertaken a period of product training, following which various marketing activities in Kerala, Cochin and Trichur were launched.

In February the Company engaged its Deputy Chairman Peter Griffiths as an Executive Director under an Executive Services Agreement. Under the 12-month agreement Mr Griffiths will provide consulting services to Neurotech's board and management including strategy, operational and general commercial advice.

### PRINCIPAL ACTIVITIES

Neurotech International Limited is a medical device and solutions company.

### OPERATING RESULTS

The consolidated Entity's net loss after providing for income tax for the period ended 31 December 2017 amounted to \$1,935,685 (31 December 2016: \$2,106,617). At 31 December 2017, the Group has \$4,533,810 cash and cash equivalents (30 June 2017: \$2,637,363).

## **DIRECTORS' REPORT (continued)**

### **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Group during the period.

### **EVENTS OCCURRING AFTER THE REPORTING PERIOD**

No matters or circumstances have occurred subsequent to reporting date that would have a material impact on the consolidated financial statements.

### **AUDITORS INDEPENDENCE DECLARATION**

The lead auditor's independence declaration as required under S.307C of the Corporations Act 2001 is set out on page 7 for the half year ended 31 December 2017.

Signed in accordance with a resolution of the Board of Directors.



**Wolfgang Johannes Storf**

Chief Executive Officer

28<sup>th</sup> February 2018

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

As lead auditor for the review of Neurotech International Limited for the half-year ended 31 December 2017, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 28 February 2018

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	CONSOLIDATED	
		31 December 2017 (\$) (6 months)	31 December 2016 (\$) (6 months)
<b>CONTINUING OPERATIONS</b>			
Revenue		28,334	40,229
Other income		24,092	13,634
Cost of Inventory		(23,044)	(20,838)
Obsolete Stock Written off		-	(79,771)
Professional Consultant and Advisory		(346,118)	(343,179)
Professional Legal Fees		(15,710)	(98,719)
Corporate and Administration expenses		(349,455)	(506,458)
Depreciation and amortisation expense		(242,559)	(124,683)
Finance costs		(10,863)	(27,904)
Advertising and Marketing		(34,763)	(68,025)
Employee benefits expense		(594,685)	(337,205)
Research Expense		(54,320)	(34,444)
Share Based Payments Expense	3	(22,345)	(354,949)
Equipment and materials direct cost		(4,213)	(22,397)
Compensation payment	10	(131,386)	-
Other expenses		(158,650)	(141,908)
<b>PROFIT/(LOSS) BEFORE INCOME TAX</b>		<b>(1,935,685)</b>	<b>(2,106,617)</b>
Income tax expense		-	-
<b>PROFIT/(LOSS) AFTER INCOME TAX</b>		<b>(1,935,685)</b>	<b>(2,106,617)</b>
<b>Other comprehensive income/(loss)</b>		-	-
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange Difference on translation of foreign operations		56,903	5,674
<b>Total comprehensive income/(loss) for the period</b>		<b>(1,878,782)</b>	<b>(2,100,943)</b>
Total comprehensive loss for the period is:			
<b>Attributable to the owner of Neurotech International Ltd</b>		<b>(1,878,782)</b>	<b>(2,100,943)</b>
<b>Basic loss per share (cents per share)</b>	8	<b>(2.05)</b>	<b>(3.40)</b>

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	CONSOLIDATED	
		31 December 2017 (\$)	30 June 2017 (\$)
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	4,533,810	2,637,363
Trade and other receivables		312,588	331,313
Inventories		64,884	80,746
<b>TOTAL CURRENT ASSETS</b>		<b>4,911,282</b>	<b>3,049,422</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		450,628	464,104
Intangible assets	5	1,723,776	1,438,640
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,174,404</b>	<b>1,902,744</b>
<b>TOTAL ASSETS</b>		<b>7,085,686</b>	<b>4,952,166</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		522,431	282,235
Short-term borrowings		141,504	129,866
<b>TOTAL CURRENT LIABILITIES</b>		<b>663,935</b>	<b>412,101</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings		223,060	244,937
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>223,060</b>	<b>244,937</b>
<b>TOTAL LIABILITIES</b>		<b>886,995</b>	<b>657,038</b>
<b>NET ASSETS</b>		<b>6,198,691</b>	<b>4,295,128</b>
<b>EQUITY</b>			
Contributed Equity	6	14,293,441	10,354,758
Other Reserves	7	1,229,453	1,328,888
Accumulated Loss		(9,324,203)	(7,388,518)
<b>TOTAL EQUITY</b>		<b>6,198,691</b>	<b>4,295,128</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR HALF-YEAR ENDED 31 DECEMBER 2017

FOR HALF YEAR ENDED 31 DECEMBER 2017

	Contributed Equity (\$)	Capital Reserve (\$)	Share-based Payments Reserve (\$)	Accumulated Losses (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
<b>BALANCE AT 1 JULY 2017</b>	<b>10,354,758</b>	<b>178,683</b>	<b>1,238,503</b>	<b>(7,388,518)</b>	<b>(88,298)</b>	<b>4,295,128</b>
Loss for the half year	-	-	-	(1,935,685)	-	(1,935,685)
Foreign exchange movement	-	-	-	-	56,903	56,903
<b>Total comprehensive loss for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,935,685)</b>	<b>56,903</b>	<b>(1,878,782)</b>
Transactions with owners in their capacity as owners						
Shares issued	4,000,000	-	-	-	-	4,000,000
Shares issued to Directors	178,683	(178,683)	-	-	-	-
Share Based Payments to Directors	-	74,560	(52,215)	-	-	22,345
Share issue costs during the half year	(240,000)	-	-	-	-	(240,000)
<b>BALANCE AT 31 DECEMBER 2017</b>	<b>14,293,441</b>	<b>74,560</b>	<b>1,186,288</b>	<b>(9,324,203)</b>	<b>(31,395)</b>	<b>6,198,691</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR HALF-YEAR ENDED 31 DECEMBER 2017

### FOR HALF YEAR ENDED 31 DECEMBER 2016

	Contributed Equity (\$)	Capital Reserve (\$)	Share-based Payments Reserve (\$)	Accumulated Losses (\$)	Foreign Currency Translation Reserve (\$)	Total (\$)
<b>BALANCE AT 1 JULY 2016</b>	<b>3,977,804</b>	<b>111,840</b>	<b>875,095</b>	<b>(3,356,728)</b>	<b>(136,631)</b>	<b>1,471,380</b>
Loss for the half year	-	-	-	(2,106,617)	-	(2,106,617)
Foreign exchange movement	-	-	-	-	5,674	5,674
<b>Total comprehensive loss for the half year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,106,617)</b>	<b>5,674</b>	<b>(2,100,943)</b>
Transactions with owners in their capacity as owners						
Shares issued for IPO	7,000,000	-	-	-	-	7,000,000
Shares issued to Chasm Hop/Bonavita/Vella	111,840	(111,840)	-	-	-	-
Shares & Options issued for lead managers	150,000	-	273,500	-	-	423,500
Share Based Payments to Directors	234,560	-	120,389	-	-	354,949
Share issue costs during the half year	(1,119,446)	-	-	-	-	(1,119,446)
<b>BALANCE AT 31 DECEMBER 2016</b>	<b>10,354,758</b>	<b>-</b>	<b>1,268,984</b>	<b>(5,463,345)</b>	<b>(130,957)</b>	<b>6,029,440</b>

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

## CONSOLIDATED STATEMENT OF CASHFLOW

### FOR HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	CONSOLIDATED	
		31 December 2017 (\$ (6 months))	31 December 2016 (\$ (6 months))
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		33,476	48,440
Payments to suppliers and employees		(1,523,976)	(1,742,014)
Finance Costs		(11,062)	(27,969)
Interest received		12,904	5,562
<b>NET CASH (USED IN) OPERATING ACTIVITIES</b>		<b>(1,488,658)</b>	<b>(1,715,981)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(24,019)	(39,777)
Payments for Intangible assets		(345,849)	(416,565)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>		<b>(369,868)</b>	<b>(456,342)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		4,000,000	7,000,000
Proceeds from borrowings		7,680	-
Repayment of borrowings		(30,121)	(1,267,427)
Payment of Share Issue Costs		(240,000)	(795,297)
Proceeds from borrowings		-	787,969
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>3,737,559</b>	<b>5,725,245</b>
Net increase in cash held		<b>1,879,033</b>	<b>3,552,922</b>
Cash and cash equivalents at beginning of financial year		2,637,363	1,007,536
Effect of exchange rate changes on cash and cash equivalents		17,414	14,590
<b>Cash and cash equivalents at end of period</b>	<b>4</b>	<b>4,533,810</b>	<b>4,575,048</b>

The above 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

### (a) Basis of preparation of Half-Year Financial Statements

The consolidated interim financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Company and its subsidiaries (Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half year within the Group.

It is recommended that this financial report to be read in conjunction with the annual financial statements of the consolidated entity for the year ended 30 June 2017, together with any public announcements made during the half year ended 31 December 2017 in accordance with the continuous disclosure requirements arising under Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception of the below accounting policy.

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

These half-year financial statements were approved by the Board of Directors on 28<sup>th</sup> February 2018.

### (b) Significant accounting judgements, estimates and assumptions

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

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2017.

### (c) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2017, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the company's operations and effective for annual reporting periods beginning on or after 1 July 2017. It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the company's business and, therefore, no change is necessary to the Group's accounting policies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. Segment Information

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

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

### Statement of Financial Position

	Medical Device Development and Distribution Segment	Unallocated	Total
31 December 2017			
<b>Assets</b>	<b>2,928,355</b>	<b>4,157,331</b>	<b>7,085,686</b>
<b>Liabilities</b>			
Gross	7,266,982	75,304	7,342,286
Less loan payable to Neurotech International Limited	(6,455,291)	-	(6,455,291)
<b>Liabilities, excluding Intercompany Loan</b>	<b>811,691</b>	<b>75,304</b>	<b>886,995</b>
30 June 2017			
<b>Assets</b>	<b>2,693,808</b>	<b>2,258,359</b>	<b>4,952,167</b>
<b>Liabilities</b>			
Gross	5,559,950	25,093	5,585,043
Less loan payable to Neurotech International Limited	(4,928,005)	-	(4,928,005)
<b>Liabilities, excluding Intercompany Loan</b>	<b>631,945</b>	<b>25,093</b>	<b>657,038</b>

### Statement of Profit or loss and Other Comprehensive Income, Medical Device Development and Distribution Segment

	Medical Device Development and Distribution
<b>Half year 31 December 2017</b>	
Revenue	28,334
Segment Operating Profit / (Loss)	(1,529,387)
<b>Half year 31 December 2016</b>	
Revenue	48,301
Segment Operating Profit / (Loss)	(1,388,932)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The segment 'Medical Device Development and Distribution, represents the operations of the subsidiary entities, being AAT Research, AAT Medical and AAT Intellectual Property. The operation of the parent company Neurotech International Limited is not considered to be form part of the 'Medical Device Development' segment.

The table below is a reconciliation of the segment result to the Profit/(Loss) before Income Tax on the Consolidated Statement of Profit or loss and Other Comprehensive Income

	Half-year	
	31 December 2017	31 December 2016
<b>Segment Operating Profit / (Loss)</b>	(1,529,387)	(1,388,932)
Interest Income	12,904	5,562
ASX and ASIC fees	(50,964)	(98,420)
Legal and Accounting	(107,882)	(95,791)
Travel	(11,500)	(76,338)
Director Fees	(85,000)	(20,237)
Management Fees	(45,000)	(15,000)
Share based payments	(22,345)	(354,949)
Other	(96,511)	(62,512)
<b>Profit/(Loss) before Income Tax</b>	<b>(1,935,685)</b>	<b>(2,106,617)</b>

### 3. SHARE BASED PAYMENTS

The primary purpose of share-based payments is to remunerate Directors, other Key Management Personnel and Service providers for the services rendered to the Group.

The share-based payments expense in the current period represents the continued vesting of the 466,000 options issued to the Company's CEO Wolfgang Storf on 3 April 2016, and the value of 466,000 shares, which Wolfgang became entitled to on 1 October 2017.

#### Options

There have been no options granted by the Company in the 6 month period to 31 December 2017. In the current period an amount of \$9,645 has been recognised, representing the continued vesting of the 466,000 options issued to the Company's CEO Wolfgang Storf on the 3<sup>rd</sup> of April 2016.

The options provided to Wolfgang were granted under terms of his executive services agreement and will vest 1/3<sup>rd</sup> per year up until 3 November 2019. The sole vesting condition relating to these options is Wolfgang's continued employment. To 31 December 2017, 1/3<sup>rd</sup> of the options (155,333) have vested.

The vesting of these options is recognised in the Share based payments reserve.

#### Shares

The terms of Wolfgang Storf's executive services agreement provided for the issue of 466,000 shares on 1 October 2017, provided the executive remained employed until that time. Though these shares vested to Wolfgang on 1 October 2017, these shares were not issued during the period. The shares will be issued to

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Wolfgang Storf at the Company's next general meeting, subject to approval being received from the Company's shareholders.

The value of these shares (466,000 shares at 16c per share, \$74,560) is recognised in Capital Reserve, including an amount of \$61,860 transferred from the Share-based payments reserve, being the value vested to 30 June 2017.

During the period, amount of \$12,700 was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income representing the value of these shares which had not yet vested to 30 June 2017.

<hr/>	
Recognised in period to 31 December 2017	12,700
Recognised in year to 30 June 2017	61,860
<b>Total Value of Shares</b>	<b>74,560</b>
<hr/>	

The amount expensed in each reporting period is a function of the value of the total value of the award and the length of time in that reporting period over which the share-based payment award is vesting.

Refer to Note 6 for a reconciliation of the Group's contributed equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Summary Expenses arising from Share-Based Payment Transactions

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

	CONSOLIDATED	
	31 December 2017 (\$) (6 months)	31 December 2016 (\$) (6 months)
<b>Share-based payment</b>		
<b>Shares</b>		
Shares to be issued to Wolfgang Storf	12,700	37,143
Shares issued to Wolfgang Storf and Dr Adrian Attard Trevisan	-	234,560
<b>Options, Shares to be issued in future periods and Share Rights</b>		
Options issued to Wolfgang Storf	9,645	23,826
Shares Rights issued to Dr Adrian Trevisan	-	59,420
	<b>22,345</b>	<b>354,949</b>

\*As stated above, these shares have not yet been issued.

The movement in share-based payments reserve, being a reduction of \$52,215 represents the transfer of \$61,860 relating to the shares to be issued to Wolfgang Storf to the Capital reserve, partly offset by the \$9,645 expense above, relating to the options held by Wolfgang Storf.

At the Company's Annual General Meeting on 23 November 2017, shareholders approved the issue of 471,277 shares and 411,371 shares to Wolfgang Storf and Adrian Attard Trevisan respectively. The shares to Wolfgang Storf represent the settlement of Mr Storf's performance incentive payment for the period to 31 December 2016, and thus does not represent a share-based payment. The shares to Dr Attard Trevisan represent the settlement of the share rights entitlement, which is included in the table above.

## 4. 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	
	31 December 2017 (\$)	30 June 2017 (\$)
Cash at Bank and on hand	419,244	431,951
Short-term deposit	4,114,566	2,205,412
	<b>4,533,810</b>	<b>2,637,363</b>

During this half year, the Company issued 20,000,000 shares at \$0.20 per share, raising a total of \$4,000,000 prior to transaction costs.

The above includes an amount of \$306,889 (€200,000) being restricted cash.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5. INTANGIBLE ASSETS

	<i>Website</i>	<i>Mente Development</i>	<i>Trademarks</i>	<i>Patents</i>	<i>Total</i>
<b>At 30 June 2017</b>					
Cost	74,993	2,122,971	2,601	56,471	2,257,036
Accumulated Amortisation and Impairment	(32,111)	(768,092)	(1,252)	(16,941)	(818,396)
Net carrying amount as at 30 June 2017	<b>42,882</b>	<b>1,354,879</b>	<b>1,349</b>	<b>39,530</b>	<b>1,438,640</b>
<b>Balance at 1 July 2017, net of amortisation</b>					
Balance at 1 July 2017, net of amortisation	<b>42,882</b>	<b>1,354,879</b>	<b>1,349</b>	<b>39,530</b>	<b>1,438,640</b>
Additions	-	422,217	-	-	422,217
Movement in foreign currency assets	1,247	41,356	40	1,256	43,899
Amortisation charged for the period	(9,170)	(169,633)	(264)	(1,913)	(180,980)
<b>Balance at 31 December 2017, net of amortisation</b>	<b>34,959</b>	<b>1,648,819</b>	<b>1,125</b>	<b>38,873</b>	<b>1,723,776</b>
<b>Balance at 31 December 2017</b>					
Cost	76,240	2,586,544	2,641	57,727	2,723,152
Accumulated Amortisation and Impairment	(41,281)	(937,725)	(1,516)	(18,854)	(999,376)
Net carrying amount as at 31 December 2017	<b>34,959</b>	<b>1,648,819</b>	<b>1,125</b>	<b>38,873</b>	<b>1,723,776</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. CONTRIBUTED EQUITY

### Movements of share capital during the period

Date	Details	No of shares	Issue price (\$)	\$
01.07.2016	Opening Balance	49,932,612		3,977,804
04.10.2016	Shares issued to Chasm Hop/Bonavita/Vella	699,000	0.16	111,840
04.10.2016	Issued to Wolfgang Storf	466,000	0.16	74,560
04.10.2016	Issued to Adrian Attard Trevisan	1,000,000	0.16	160,000
04.10.2016	Shares Issued to Azure Capital	937,500	0.16	150,000
04.10.2016	IPO Raising	35,000,000	0.20	7,000,000
04.10.2016	Cost of Share Issue			(1,119,446)
<b>Closing Balance as at 31 December 2016</b>		<b>88,035,112</b>		<b>10,354,758</b>
01.07.2017	Opening Balance	88,035,112		10,354,758
25.10.2017	Share Placement – Tranche 1	13,205,266	0.20	2,641,053
30.11.2017	Share Placement – Tranche 2	6,794,734	0.20	1,358,947
30.11.2017	Cost of Share Issue			(240,000)
30.11.2017	Issued to Wolfgang Storf	471,277	0.24	112,864
30.11.2017	Issued to Adrian Attard Trevisan	411,371	0.16	65,819
<b>Closing Balance as at 31 December 2017</b>		<b>108,917,760</b>		<b>14,293,441</b>

During the half year, following approval of the Company's shareholders at the Company's AGM, the Company issued 411,371 shares to Dr Adrian Attard Trevisan; these shares were issued in settlement of the 411,371 share rights which vested to Dr Attard Trevisan on 1 April 2017. The share-based payment expense relating to these share rights had been recognised in the year to 30 June 2017.

During the half year, following approval of the Company's shareholders at the Company's AGM, the Company issued 471,277 shares to Wolfgang Storf; these shares were issued in settlement of Mr Storf's STI entitlement for the period 1 April 2016 to 31 December 2016. The value of this STI entitlement was recognised in the year to 30 June 2017.

### Ordinary Shares

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 7. OTHER RESERVES

	Note	Movements in Reserve Balances	
		31 December 2017 (\$) (6 months)	30 June 2017 (\$) (12 months)
Share Based Payments Reserve	3	22,345	393,889
Capital reserve			
Settlement of CEO performance incentive		(112,864)	
Settlement of Adrian Attard Trevisan share rights		(65,819)	
Shares to be issued to Wolfgang Storf		74,560	
Issue of shares to Chasm Hop/Bonavita/Vella		-	(111,840)
Foreign exchange movement		56,903	5,674

### Share Based Payment Reserve

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

Refer to Note 3 for disclosure on the movement in the share-based payment reserve.

### Capital Reserve

The capital reserve is used to record the value of the shares which had been agreed to be provided to consultants and employees but have not yet been issued.

### Foreign Currency Reserve

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 8. LOSS PER SHARE

The calculation of basic loss per share as at 31 December 2017 was based on the loss attributable to ordinary shareholders of \$1,935,685 (31 December 2016: \$2,106,617) and a weighted average number of ordinary shares outstanding at the end of the period of 94,377,423 (31 December 2016: 61,943,183).

	CONSOLIDATED	
	31 December 2017 (\$) (6 months)	31 December 2016 (\$) (6 months)
Basic loss per share (cents per share)	(2.05)	(3.40)
<b>a) Reconciliation of earnings to operating loss</b>		
<b>Loss attributable to ordinary shareholders</b>		
Loss after tax	(1,935,685)	(2,106,617)
Loss used in the calculation of EPS	<b>(1,935,685)</b>	<b>(2,106,617)</b>
<b>b) Weighted average number of ordinary shares (WANOS) outstanding during the half year</b>		
	<b>31 December 2017</b>	<b>31 December 2016</b>
WANOS used in calculating basic loss per share	94,377,423	61,943,183

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

## 9. CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information, which leads them to believe there are any material contingent liabilities outstanding as at 31 December 2017.

## 10. COMMITMENTS

### MCL Components Ltd

As disclosed in the Annual Report for the year ended 30 June 2017, the Group's subsidiary, AAT Medical Ltd, had a commitment to procure a minimum of 3,000 Mente Autism units from MCL Components Ltd (MCL).

For the 2017 calendar year the Company did not procure the minimum 3,000 Mente Autism units and as a result a shortfall compensation payment of €49,850 (A\$75,271) has been accrued at 31 December 2017.

An amount of €37,164 (A\$56,115) has also been recognised in the period, being the shortfall compensation payment for the 2016 calendar year.

This shortfall compensation payment has been recognised in 'Compensation payment' on the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

For the 2018 calendar year, AAT Medical Ltd has a commitment to procure 1,000 Mente Autism units for a total commitment of €29,850 (A\$45,803).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The agreement between AAT Medical Limited and MCL provides that the compensation payment represents a contribution towards the fixed costs incurred by MCL in setting up their facilities for a 3,000 piece per annum operation.

MCL is currently producing Mente units for AAT Medical Ltd.

### Administration Services

There is no change to the administration services agreement commitment since the annual financial statements for the year ended 30 June 2017 were approved.

### Office Lease

There is no change to the office lease commitment since the annual financial statements for the year ended 30 June 2017 were approved.

### 11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have occurred subsequent to reporting date that would have a material impact on the consolidated financial statements.

## DIRECTORS' DECLARATION

In the opinion of the directors of Neurotech International Ltd:

1. The financial statements and notes set out on pages 8 to 22, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance, for the half year ended on that date; and
  - (b) complying with Australian Accounting Standards AASB 134 Interim Financial Reporting, the Corporation Regulations 2001 and the mandatory professional reporting requirements; and
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**Simon Trevisan**

Non-Executive Director

Dated at Perth, Western Australia, this 28<sup>th</sup> February 2018



**Wolfgang Johannes Storf**

Chief Executive Officer

Dated at Perth, Western Australia, this 28<sup>th</sup> February 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Neurotech International Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Neurotech International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Independence

In conducting our review, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink. The first line reads 'BDO' and the second line is a cursive signature that appears to be 'J Prue'.

Jarrad Prue

Director

Perth, 28 February 2018